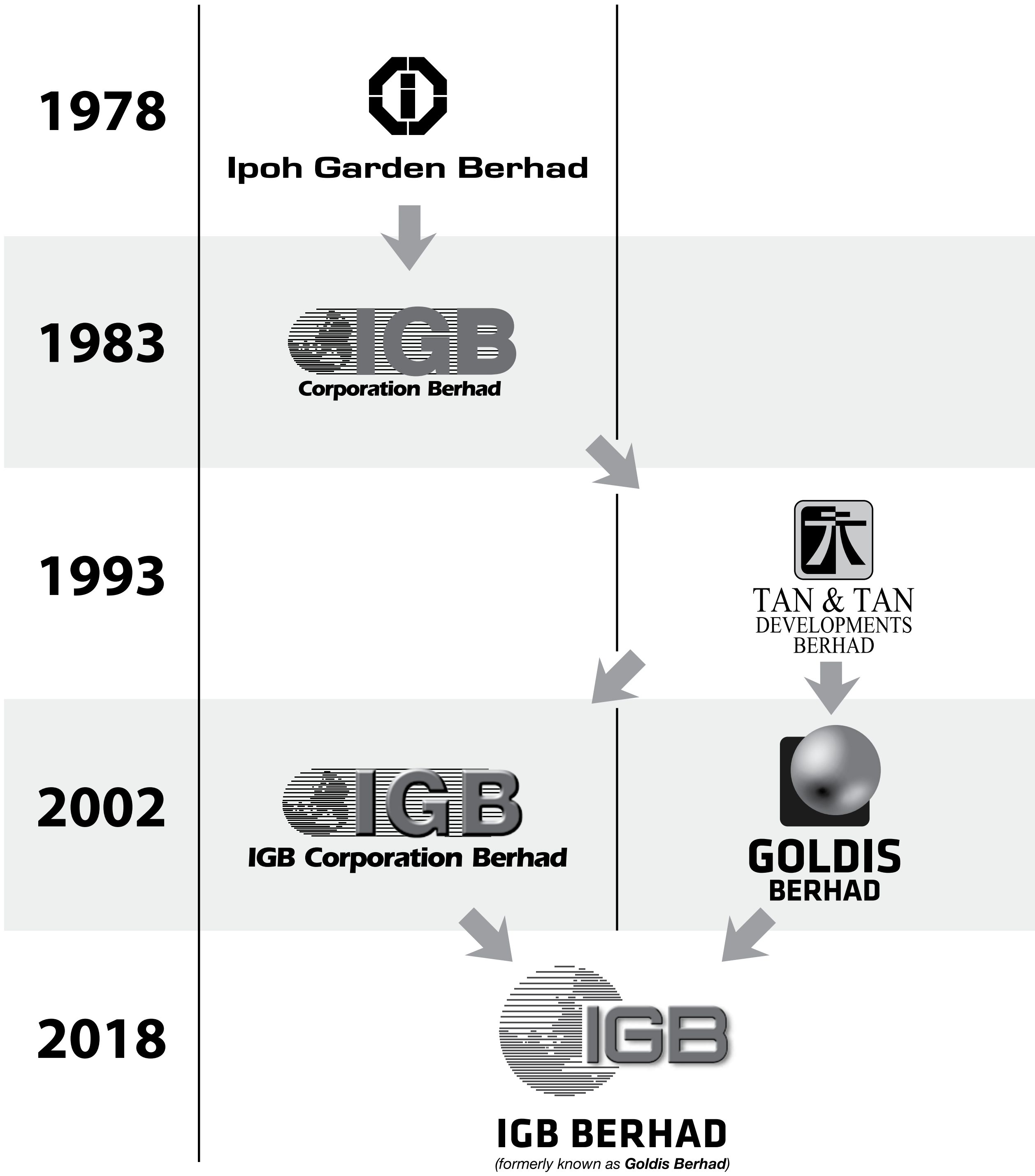
IGB BERHAD

(515802-U)

*(formerly known as **Goldis Berhad**)*

ANNUAL REPORT 2017

The Evolution of IGB Logo



IGB Berhad Logo Rationale

Following the completion of the Corporate Exercise in March 2018, a new logo was created to signify the enlarged group. The "IGB" red has been retained, but refreshed with a new font. The letter "IGB" is anchored in the Australasia region on the globe, to signify our beginnings. The globe is now in emerald green, to align the group towards a sustainable future. IGB Berhad is now positioned to lead the way, as we embark on a bright and prosperous future.

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Management Discussion & Analysis

1. Creating a More Cohesive, Efficient, and Effective Organisation

2017 was a significant year for IGB Berhad (formerly known as Goldis Berhad) (IGB), as the company had received a High Court order sanctioning its proposed acquisition of the entire equity interest in IGB Corporation Berhad (IGB Corp) that it did not already own (Proposed Scheme). The shareholders of IGB had at a court-convened meeting held on 22 November 2017 approved the Proposed Scheme.

The acquisition consolidates the businesses of IGB and IGB Corp with the intention of creating a more cohesive, effective and efficient operating structure moving forward. IGB Corp was delisted from the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) on 16 March 2018 and the combined entity was renamed Ipoh Goldis Bersatu or IGB Berhad.

The reasons behind the acquisition are as follows:

a. The consolidated Group will enjoy a more cohesive structure with well integrated functions including operations, finance and business development.

b. The scheme offered shareholders of IGB Corp an opportunity to unlock their investment in the company at a premium providing the option of monetising their shares and/or participating as shareholders of IGB by an exchange of securities thereby offering exposure to the operations and earnings profile of a larger Group.

c. The delisting of IGB Corp will eliminate overlap in administrative efforts and costs that pertain to complying with listing obligations prescribed by Bursa Securities.

Today the principal activities of IGB are those of investment holding and the provision of management services. The principal activities of the Group mainly consist of property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, engineering services for water treatment plants and related services, education and investment holding and management of a real estate investment trust.

2. Pushing Ahead with Business As Usual

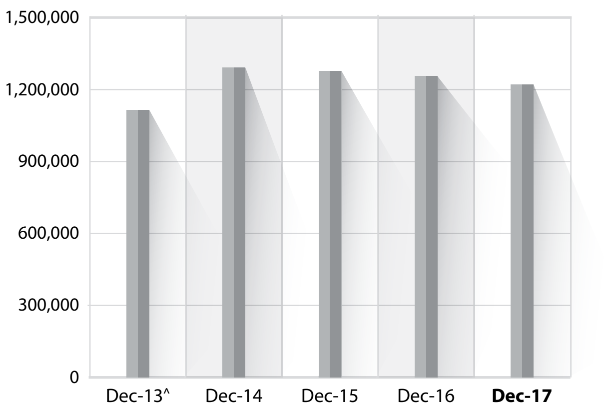
The global economy enjoyed a broad-based recovery in 2017 amid continued political uncertainties and rising geopolitical tensions. In Malaysia despite a prolonged downturn in the oil and gas industry and a soft property market, GDP growth was strong. Domestic growth was supported by private consumption, domestic demand and exports, whose growth was helped by robust global demand, particularly for electrical and electronic products.

The strong growth in the economy did little to boost consumer sentiment which remained weak on the back of a continued rise in the cost of living and a general concern that global and domestic uncertainties could impact job security. Transportation, food and utilities in particular, have continued to push up inflation eroding purchasing power.

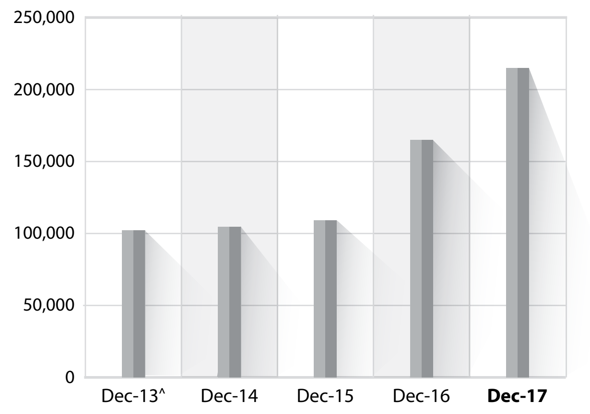
Against this backdrop, IGB focused on creating sustainable value for its stakeholders for the long term.

3. Key Financial Highlights

Revenue **(RM'000)**

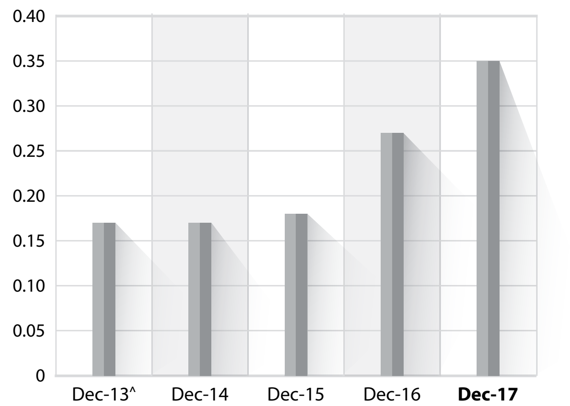


Profit attributable to ordinary equity holders **(RM'000)**

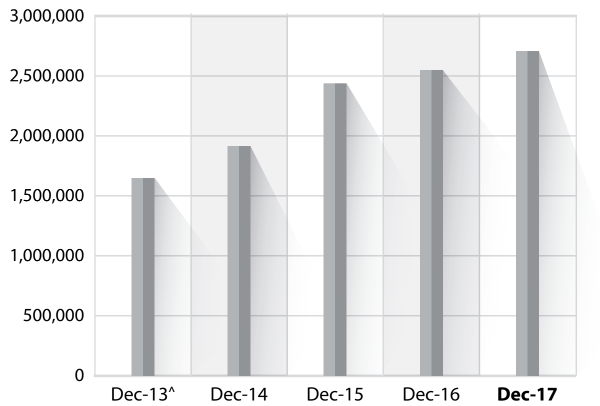


Management Discussion & Analysis
(continued)

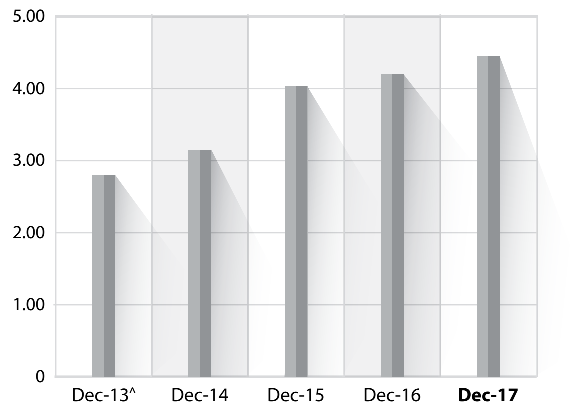
EPS (RM)



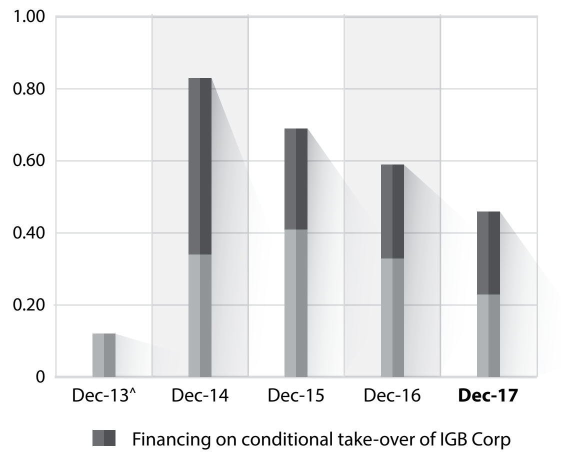
Net Assets (RM'000)



Net Assets per share (RM)



Net Gearing (times)



	MFRS				
Financial year ended	**Dec-13^ RM'000**	**Dec-14 RM'000**	**Dec-15 RM'000**	**Dec-16 RM'000**	**Dec-17 RM'000**
Revenue#	1,114,871	1,291,302	1,278,218	1,255,473	**1,222,250**
Profit before taxation#	408,413	450,191	390,379	482,908	**491,319**
Taxation#	(103,634)	(102,782)	(103,486)	(83,022)	**(59,548)**
Net profits	304,779	347,409	286,893	399,886	**431,771**
Profit attributable to ordinary equity holders	100,667	102,165	109,105	165,027	**215,143**
Capital and reserves attributable to equity holders/Net Assets	1,653,014	1,916,057	2,437,881	2,551,886	**2,710,768**
EPS (RM)	0.17	0.17	0.18	0.27	**0.35**
Net Assets per share (RM)	2.80	3.15	4.01	4.20	**4.45**
Total borrowings	1,748,466	3,889,364	3,688,080	3,317,854	**3,454,708**
Net debt&	563,312	2,634,578	2,547,459	2,266,555	**1,866,815**
Total equity	4,589,807	3,167,277	3,685,885	3,851,266	**4,033,615**
Net Gearing (times)	0.12	0.83	0.69	0.59	**0.46**

^ *The Company has changed its financial year end from 31 January to 31 December. Thus, the audited financial statements of the financial period ended December 2013 were made up from 1 February to 31 December 2013 for a period of eleven (11) month. The figures also have been restated following the adoption of MFRS1 & MFRS 15*

Including results from discontinued and discontinuing operations

& *Being total borrowings less deposit, cash and bank balances*

Management Discussion & Analysis
(continued)

For the financial year ended 31 December (FY) 2017, Group revenue was RM1,222.3 million, down 2.6% from FY2016 where the corresponding figure was RM1,255.5 million. The decrease was mainly due to lower contribution from the hotel segment.

For the hotel segment, revenue recorded in the previous year of RM403.1 million included revenue from Cititel Express Kuala Lumpur, Micasa Hotel Yangon and the Renaissance Kuala Lumpur Hotel. These hotels were disposed of in March 2016, July 2016 and January 2017 respectively. Revenue recorded for FY2017 was RM324.1 million.

Group profit before taxation for FY2017 of RM491.3 million was higher as compared to RM482.9 million which was recorded for FY2016. This represented an increase of 1.7% and was mainly due to a one-off gain of RM27.3 million from the sale of land by a subsidiary.

4. Operations Overview

Property Development Segment

Stringent bank lending policies, an oversupply of high-end residential apartments, a soft rental market and a continued rise in the cost of living, have all contributed to 2017 being another challenging year for the property development division. We therefore maintained a conservative approach this year and have not launched any new projects.

Our focus during the year was on the sales for Stonor 3, a collection of luxury curated homes in the heart of KLCC which is due for completion in 2019 and Park Manor, a completed development comprising 41 villas located in the award winning Sierramas residential estate. Take up rates for Stonor 3 and Park Manor as at 31 December 2017 were 27% and 24% respectively.

We continue to remain cautious going into 2018 and believe that demand will remain soft for the first half of the year.

We are proud to be ranked among the top 10 developers in The Edge Malaysia's Top Property Developers' Award, marking the fifteenth consecutive year that we have been an award recipient.

Hotel Segment

2017 was a challenging year for the hotel division as tourist arrivals declined and Malaysians, impacted by rising costs of living continued to rein in spending. Additionally, businesses, particularly in the oil and gas industry, continued to cut entertainment and travel budgets and the introduction of the Government's tourism tax which came into effect on 1 September 2017, dampened interest in travel to and within Malaysia.

Our international locations also experienced lower occupancy rates, with Manila particularly impacted as the Philippines Tourism Board continued to promote travel to resort destinations within the country and an oversupply of hotel rooms continued to put pressure on room rates.

To address these challenges, we have intensified our distribution through e-commerce channels, identifying and working with a growing portfolio of online partners. We have also upgraded our electronic booking platforms to optimise dynamic pricing and variable offers to help drive sales. Additionally, we have expanded our marketing efforts to emerging segments with targeted trips to key influencers in the identified countries.

With the global economy, including Malaysia, expected to see continued growth in 2018, we anticipate a slight pick-up in tourism numbers in the year ahead. In particular, we expect to see a rebound from the mid to long haul markets, especially as the ringgit remains undervalued. Having said that, global and local economies continue to be fraught with uncertainties and pressure on room rates are likely to continue given the oversupply of rooms in key markets. These factors along with the newly introduced tourism tax may weigh on consumer and business sentiment, thus impacting the hospitality sector in 2018. We therefore remain cautious going into 2018.

Property Investment and Management, Commercial Segment

2017 was a challenging year for the Group's office segment as the market remained soft amid a growing oversupply of office space and a generally cautious approach to growth and expansion undertaken by businesses in the year. As a result of this, the occupancy for our portfolio decreased slightly from 89.1% at the end of 2016 to 87.4% as at 31 December 2017.

Against this backdrop, we focused on maintaining the rental rate and occupancies of office buildings. We also looked to secure longer term tenancies and increase the tenancy mix within the buildings so as to reduce our concentration risk. The team also continued to provide excellent customer service and worked to ensure that the environment within our buildings remained conducive for our tenants, particularly in the areas of security, cleanliness and building maintenance.

Management Discussion & Analysis
(continued)

Moving into 2018, we strive to maintain a healthy occupancy within our buildings and will continued to nurture our management team so that they are equipped to support our business objectives. We will also continue to maintain strong rapport with our tenants, as well as to secure new tenants in the year.

Property Investment and Management, Retail Segment

2017 was a challenging year for the retail industry as growth enjoyed by the Malaysian economy was slow to translate into higher pay and improved consumer sentiment. Online shopping also continued to grow in popularity and consumers continued to grapple with rising living costs. Despite this, IGB Real Estate Investment Trust (IGB REIT) which owns Mid Valley Megamall (MVM) and The Gardens Mall (TGM), performed well in the year.

Staying true to their commitment to bring unparalleled retail and lifestyle experiences to its communities, both malls refreshed their tenant mix as well as carried out asset enhancement initiatives. These efforts have helped to maximise the sales of tenants and generate growth through improved rental income.

This year, MVM welcomed new brands including Smiggle, Pho Vietz, Greyhound Café, and The Hour Glass, while TGM welcomed Kakigori, Tory Burch, Putien and Dyson, whose store at TGM marked the first for the brand in Malaysia.

IGB REIT remains cautious going into 2018 and expects another challenging year ahead. Against this backdrop, it stands firm in its commitment to proactively manage its assets and will continue to seek out new opportunities to support income growth and manage its costs with the view of creating long term value for its stakeholders.

Construction Segment

The construction arm of the Group has been busy with several large ongoing projects. Our main challenges this year have been to meet our deadlines whilst operating in an environment where it has become increasingly difficult to find foreign workers. Moreover, the erratic weather that the country has experienced has also impacted our ability to stay on track. We are therefore working hard to manage our costs and meet our timelines whilst maintaining our commitment to quality.

In 2018, new government legislations will come into effect, imposing a worker's levy to be borne by employers. Though the impact of this to the Group is minimal, we expect it to pose a challenge to contractors who will likely face a shortage of manpower.

(a) Mid Valley City Southpoint (Parcel 3)

Mid Valley City Southpoint (Parcel 3) is the last major component of our Mid Valley City development. Works on the structure for the 55 storey mixed-used building was completed in the year and we are in the process of obtaining a partial Certificate of Completion and Compliance for the first 36 storeys which will consist mainly of offices. The remaining 19 storeys which will house residential units are still undergoing interior design and architectural works.

Works on the grand ballroom which will have a seating capacity of more than 1,000 persons, is expected to commence in the second quarter of 2018.

We are targeting to handover the office tower of Mid Valley City Southpoint by May 2018 while the service apartments are expected to be ready by mid-2019.

(b) Mid Valley Megamall Southkey, Johor Bahru

Superstructure works for Mid Valley Megamall Southkey are progressing on schedule and is targeted to be completed by the first quarter of 2018. Architectural, mechanical and electrical works are still ongoing and are scheduled for completion in late 2018. Interior fit out works for the mall's anchor tenants are expected to commence in the second quarter of 2018.

Infrastructure works for the Eastern Dispersal Link are also ongoing and are on schedule to be completed by the early part of the fourth quarter this year.

The mall, which will have a net lettable area of 1.5 million square feet is targeted to open its doors to the public at the end of 2018.

(c) Pangkor Island Resort

The Pangkor Island Resort is undergoing redevelopment work and will be converted into 68 luxury villas with 5-star amenities. All five departments of the Manjung District office have no objections to the application for the amalgamation of land titles. We are now waiting for Pejabat Talian and Galian to make a presentation at the next Perak State Executive Committee. Redevelopment works on the site will commence upon obtaining approval.

Management Discussion & Analysis
(continued)

Other Operating Segments

Water Treatment in China

The China Water Group performed well in 2017, largely as a result of an increase in the volume of water treated at our Zou Cheng and New Water treatment plants and a revision in the rate charged. The year was not without its challenges. We saw an increase in our operating costs as a result of inflationary pressures and incurred capital expenditures as we embarked on expansion and upgrading exercises for existing projects due to changes in regulatory and environmental policies. Delays in finalising the revision of water tariffs at New Water plants also impacted our cash flow and ability to manage increasing costs. Attracting and retaining talent with the right skill sets also continued to be a key challenge for us in the year.

To address these challenges, we continued to periodically review and adjust the water tariffs in line with increases in operating costs and have financed the required expansion and upgrading works with a local bank loan and internally generated funds. We also continue to review our remuneration packages to ensure that they remain competitive and work to support the continued growth and development of key management personnel. Additionally, we are constantly on the lookout for new talent with the right skill sets and experience to help support our growth.

We are confident that we will see continued growth of our business in 2018, particularly with the expected commencement of operations for the Zou Cheng upgrade project and the approval of the increased water tariff for the New Water project.

Education

IGB International School (IGBIS) approached 2017 cautiously following a year which saw an increase in economic uncertainty and an outflow of expatriates, particularly in the oil and gas industry. The school however, saw a 5% increase in student enrolment in the first half of 2017 with numbers further increasing by 14% in the second half of the year.

We believe that the initiatives undertaken in 2016 to reach out to a broader group of potential students and raise brand awareness has borne fruit in the year and has helped elevate our reputation in both the local and international communities. Other factors that have also supported our growth include a growth in the popularity of International Baccalaureate (IB) programmes in Asia, the introduction of our 2 year old "Fireflies" programme, increased support from agents who have introduced foreign families to us, a reduction in enrolment fees in the second semester and a flattening of tuition fees which has helped increase our competitiveness in the international school market.

Our students continued to perform well this year as well with our top scoring students receiving offers to attend the University of Cambridge (Magdalene College), Imperial College London, University College London, as well as King's College London, amongst others.

IGBIS was also authorised for the IB Career Related Programme in August, making us the first school in Malaysia and the third school in South East Asia to be authorised for all four IB Programmes. We have also been accepted as a candidate for accreditation with the Council of International Schools and the New England Association of Schools and Colleges.

Following a good year for the school we are confident that we will be able to continue to grow our student population as well as our offerings as a school and that we will grow to be one of the most sought after international schools in Kuala Lumpur.

Healthcare

2017 was a challenging year for Elements Medical Fitness Sdn Bhd (Elements Medical Fitness), Malaysia's First Integrated Medical Fitness Centre with professionally administered well-being programmes. This year we saw a high termination of corporate and individual memberships as a result of the continued downturn in the oil and gas sector which has resulted in many companies implementing budget cuts and carrying out retrenchment exercises.

We also continued to be impacted by a generally weak consumer sentiment and a year that saw Malaysians continue to grapple with rising costs of living. These factors have contributed to lower consumer spending. Additionally, as a business offering a new lifestyle concept, we have had to work harder to educate the public about our offering including the benefits of our programmes and what sets us apart from similar programmes in the market. As such, it has taken us a little longer to sign up new members.

We continued to push ahead with efforts to penetrate the corporate wellness segment and explore further opportunities for strategic alliances and partnerships with other healthcare players in the market. Additionally, we continued to ensure that our existing clients receive unparalleled care and attention.

As we continue to make headway in the market and elevate our brand awareness, we are confident that our overall performance will improve in the year ahead.

IT and Data Analytics

2017 continued to be a difficult year for our businesses in IT and Data Analytics.

Management Discussion & Analysis
(continued)

Macro Lynx Sdn Bhd (Macro Lynx) was impacted by several factors in the year including increasing competition from Tier 1 Telco Service Providers, a slowdown in demand due to low building occupancy rates and rising costs.

We therefore continued to work hard to retain existing customers through the provision of excellent customer support and worked to improve our network to provide uninterrupted services. We have also been exploring solutions to allow us to provide higher wireless bandwidth at a lower price and developing technologies and partnerships so that we can provide a wider range of connectivity options and a robust business continuity solution at a cost effective price.

We expect sales to improve in 2018 as implemented strategies begin to bear fruit and efforts to reduce fixed costs allow us to provide lower and competitive broadband pricing. Together, these strategies will help improve our overall revenue and help us manage the costs of providing these services.

As a relatively young business, AFMS Solutions Sdn Bhd continued to raise awareness and educate potential clients about our service offerings this year. The challenges we faced continued to be around obtaining stakeholder buy-in from potential clients and managing the availability of data needed to do our job once we are engaged.

To address these challenges, we have focused our efforts on penetrating new markets, broadening our scope to include the retail mall segment, building strategic alliances with the intent of working with our partners to launch new products that will appeal to the market and providing exceptional customer service so that our clients have a positive experience.

As we push ahead with our efforts in penetrating new segments, we expect sales to improve as new projects come in.

New 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 6-acre, mixed-use project fronting the Chao Phraya River with our joint venture partners, the Immortal Group Co Ltd. The project is currently on hold and we are awaiting an opportune time to commence development.

Plans for our mixed-use development project in London have been submitted and we continue to wait to receive consent from the authorities. Our launch date for the project has been pushed back to the second half of 2018.

5. Risk Management

The Board of IGB is responsible for overseeing and maintaining a sound system of internal controls and risk management so as to safeguard shareholder investments and the assets of the Group. We recognise that doing so is a fundamental requirement for our continued growth and that risk management is not about completely eliminating risk but about managing it in a manner that allows for the Group to achieve its business objectives.

(a) Market Risk

The Group is exposed to developments in major economies and key financial markets around the world which may impact our performance. In order to mitigate this, we hold a diverse portfolio of assets across geographies and industries and have adopted a disciplined approach to financial management. Our businesses closely monitor developments in the markets in which they operate as well as assess the implication of global developments on their performance and strategies. These factors may then impact their investment and strategic objectives.

(i) Foreign currency exchange risk

Currency risks arise as a result of monetary assets and liabilities denominated in a currency that is not the functional currency.

The Group and the Company are exposed to foreign currency risk as a result of advances from and to subsidiaries, associates, as well as joint ventures. We are also exposed through the deposits and borrowings we have with licensed banks. To manage our exposure, management regularly monitors foreign currency fluctuations so that we can work to minimise any long term adverse effects to our financial performance.

(ii) Cash flow interest rate risk

The Group and Company's cash flow interest rate risk arises from floating rate term loans and revolving credit.

Our interest rate exposure is correlated with changes in the cost of funds (COF) of our lenders and is part of the inherent risks associated with carrying on a business as a going concern. Management closely monitors our exposure and works to ensure that it is in accordance with the Group's financial risk management policies and in line with the overall financial objective of creating value for our stakeholders.

Management Discussion & Analysis
(continued)

(b) Competition Risk

The Group faces ever-growing competition, both from established players as well as new entrants seeking to gain a foothold in the industry and grow their market share. In this environment, our businesses adopt a rigorous approach to strengthening their competitiveness through constantly monitoring the market, enhancing their offerings, bringing a fresh perspective to established industries and innovating to stay ahead of the curve.

(c) Human Capital Risk

Society has become ever more demanding of businesses. In addition to delivering consistently good results, companies are required to place a growing emphasis on customer service, consistency in product and service delivery and adopting a sustainable approach to business management. As a result, the successful management of human capital has become more integral to a company's continued success today than ever before.

We believe that the key to improving human capital management lies in actively engaging our employees and constantly reviewing and refining our approach to recruitment. Additionally, company practices, policies and procedures that are benchmarked against organisations of a similar size and/or industry, should be regularly audited and reviewed. Doing so will help reduce the risks associated with human capital management.

Managing human capital risk is often most critical when starting a new venture, as getting and developing the right people are fundamental to its future success. A good example is Mid Valley Megamall Southkey, which is set to open its doors to the public in 2018. Ahead of this, a large concentrated effort is being made to recruit new talent to fill a myriad of roles to support the newly built facility. Getting people with the right skills, experience, and attitude are extremely important so that through training and development, we can enhance their competencies allowing them to help the business meet its objectives. For the mall, the biggest challenges for us going forward will be to identify and grow leaders, retain critical talent, reduce the talent capability gap and improve overall workforce productivity.

(d) Legal & Regulatory Risk

The Group is subject to the local laws and regulations in the markets in which we operate. To ensure that we are both up to date and in compliance with new regulatory developments, we engage legal, financial and tax experts in the countries in which we have a presence. We also have in place a framework which monitors ongoing legal, financial, taxation and regulatory developments, communicating them to the relevant businesses so that they can embed them in their day-to-day operations.

(e) Information Technology (IT) Risk

Our businesses and operations rely to varying degrees on information technology. With cybersecurity threats on the rise around the world, we are exposed to the risk of cyber-attacks that can cause disruptions to our operations. To mitigate these threats, our IT departments have an established framework to manage IT security risks and have worked to ensure that there are relevant preventive, detective and recovery measures in place, including having an IT Disaster Recovery Plan. Additionally, we review all IT policies and procedures regularly to ensure that they are up to date and provide the greatest level of protection for our people and business.

(f) Terrorist Threat

The frequency of reported terrorist attacks have increased around the world, imposing an urgent need for businesses to be prepared for such eventualities. To safeguard our communities, the Group regularly reviews and updates our security measures across our buildings and works closely with the authorities to keep up to date on any potential threats. We also have crisis management plans in place as well as a team of personnel who have been trained to respond to such circumstances.

(g) Malpractice Risk

Elements Medical Fitness is Malaysia's First Integrated Medical Fitness Centre. Our team of professionals take their jobs and responsibilities very seriously and will never knowingly cause harm to any of our clients. However, as with other organisations in the healthcare industry, the risk of malpractice lawsuits stemming from incorrect diagnoses, treatments, or adverse reactions to treatments or supplements prescribed, are very real. As such, we abide by stringent codes of practice. Examples of this include ensuring that we take the time to fully understand the unique circumstances of our patients so that we can obtain detailed medical histories, engaging only professional and qualified doctors and practitioners and using only registered laboratories for any testing required and basing any diagnosis on the test results received from these laboratories. We also refer all high risk patients to external specialists.

Management Discussion & Analysis
(continued)

(h) 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. To minimise our credit risk, we ensure that we only work with business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis through our management reporting procedures and we work to ensure that we do not have significant exposure to any individual customer or counterparty or have any major concentration of credit risk related to any financial instrument.

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from customers with a good collection track record with us and management closely monitors any trade receivables that are past due. As a result, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and the Company's trade receivables.

(i) Price Risk

The Group and Company are exposed to debt and equity securities price risk because of investments held and classified on the statement of financial position either as available-for-sale or at fair value through profit or loss.

To manage our price risk arising from investments in debt and equity securities, we have diversified our portfolio in accordance with the limits set by the Group. As such, our exposure to price risk is adequately mitigated.

(j) 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 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. As at 31 December 2017, the Group held cash and cash equivalents of RM1,293.6 million (2016: RM1,012.0 million) as part of our management of liquidity risk.

As at 31 December 2017, Group borrowings stood at RM3,405.9 million.

(k) 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, benefits for other stakeholders and to maintain an optimal capital structure to reduce the 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.

6. Delivering Sustained Value for the Long Term

The positive economic growth experienced by the Malaysian economy in 2017 is expected to continue into 2018, supporting continued growth and improved business and consumer sentiment. Strong domestic demand, a healthy external sector and anticipated improvements in the inflow of foreign direct investments and trade activities, amongst other factors, all lend support to 2018 being another encouraging year for Malaysia. Though these factors are positive for Malaysia as a whole, it will still take time for individual businesses and consumers to see tangible benefits. The year ahead is not without its risks, with increasing geopolitical tensions around the globe, the potential impact of ongoing global discussions around immigration and increased protectionism.

Nonetheless, 2018 is set to be an exciting year for us as the final steps of our corporate exercise are realised and we work to integrate the various functions within the Group and consolidate our business. We are confident that with a more coherent structure and a healthy, diversified portfolio, we will be better placed to create and deliver sustained value for our stakeholders for the long term.

Corporate Information

BOARD OF DIRECTORS

Ms Tan Lei Cheng
Non-Executive Chairman & Non-Independent Non-Executive Director

Dato' Seri Robert Tan Chung Meng
Group Chief Executive Officer

Datuk Tan Kim Leong @ Tan Chong Min
Senior Independent Non-Executive Director

Encik Daud Mah Bin Abdullah @ Mah Siew Whye
Independent Non-Executive Director

Mr Lee Chaing Huat
Independent Non-Executive Director

Mr Tan Boon Lee
Non-Independent Executive Director

Ms Tan Mei Sian
Non-Independent Executive Director

Mr Daniel Yong Chen-I
Non-Independent Executive Director

SECRETARIES

Ms Chow Lai Ping (MAICSA 0829388)
Mr Leong Kok Chi (MIA 11054)

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Fax No. : 603-2715 8697

HSBC Bank (Malaysia) Berhad (807705-X)
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Fax No. : 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
Tel. No. : 603-2289 0098
Fax No. : 603-2282 5353

Public Bank Berhad (6463-H)
Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Tel. No. : 603-2176 6000
Fax No. : 603-2163 9917

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Market
Date of Listing : 8 May 2002
Stock Name : IGBB
Stock Code : 5606

DATE OF INCORPORATION

1 June 2000

WEBSITE

www.IGBbhd.com

Notice of the Eighteenth Annual General Meeting

NOTICE IS HEREBY GIVEN of the Eighteenth (18th) Annual General Meeting (AGM) of IGB Berhad (formerly known as Goldis Berhad) (IGB or Company) to be held at Klang Room, Mezzanine Floor, GTower, 199 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia on Thursday, 31 May 2018 at 2.30 p.m. to transact the following business:

Ordinary Business

1. To lay Financial Statements for the year ended 31 December 2017 together with Reports of the Directors and Auditors thereon (Financial Statements and Reports FY2017).

2. To approve the following payments to Directors:

   (a) Fees of RM260,000 in respect of FY2017. **Resolution 1**

   (b) Benefits of up to RM305,000 for the period from the 18th AGM to the next AGM in 2019. **Resolution 2**

3. To re-elect the following Directors who retire pursuant to Article 98 of IGB's Articles of Association (AoA):

   (a) Ms Tan Lei Cheng **Resolution 3**

   (b) Mr Daniel Yong Chen-I **Resolution 4**

   (c) Encik Daud Mah bin Abdullah **Resolution 5**

4. To re-appoint PricewaterhouseCoopers PLT (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 resolutions:

   (a) Retention of Independent Directors

   (i) That subject to the passing of Resolution 5, Encik Daud Mah bin Abdullah be and is hereby retained as Independent Non-Executive Director of the Company. **Resolution 7**

   (ii) That Datuk Tan Kim Leong be and is hereby retained as Independent Non-Executive Director of the Company. **Resolution 8**

   (b) Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 (Sections 75 and 76 Mandate) **Resolution 9**

   THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in IGB from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares for the time being of IGB and that such authority shall continue in force until IGB's AGM in 2019 and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad (Bursa Securities) for the listing of and quotation for the additional shares so issued.

   (c) Share Buy-Back (SBB) Mandate **Resolution 10**

   THAT subject to compliance with applicable laws, regulations and the approval of the relevant authorities, approval be and is hereby given to IGB to utilise up to the aggregate of IGB's latest audited retained earnings, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares in IGB (Shares) as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of IGB provided that the aggregate number of Shares to be purchased and/or held by IGB pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of IGB at the time of purchase (SBB Mandate);

   THAT at the discretion of the Directors, the Shares to be purchased are to be cancelled and/or retained as treasury shares and distributed as dividends and/or resold on Bursa Securities;

Notice of the Eighteenth Annual General Meeting
(continued)

THAT the Directors be and are hereby empowered generally to do all acts and things to give effect to SBB Mandate with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of IGB;

AND THAT SBB Mandate, unless revoke or varied by IGB in general meeting, shall continue for the period ending on the date of the AGM to be held in 2019.

(d) **Proposed Shareholder Ratification for Recurrent Related Party Transactions (RRPT Ratification) and Proposed Shareholder Mandate for Recurrent Related Party Transactions (RRPT Mandate) (collectively, RRPT Ratification and Mandate)** **Resolution 11**

THAT approval/ratification of Shareholders be and is hereby accorded to IGB and its subsidiaries (IGB Group) for the RRPT transacted from the delisting of IGB Corporation Berhad on 16 March 2018 up to and including the date of the 18th AGM of IGB (RRPT Ratification) as specified in TABLE A, Part B of the Statement/Circular to Shareholders dated 30 April 2018 (Statement/Circular);

THAT authorisation of Shareholders be and is hereby accorded to IGB Group to enter into all arrangements and/or transactions involving the interests of Related Parties as specified in TABLE B, Part B of the Statement/Circular provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for IGB 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

(RRPT Mandate)

THAT 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 2019;

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 RRPT Mandate and/or this resolution.

(e) **Proposed Adoption of new Constitution** **Resolution 12**

THAT the Constitution as set out in Appendix 1 in the Notice of 18^{th} AGM be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association.

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

By Order of the Board

Chow Lai Ping
(MAICSA 0829388)

Leong Kok Chi
(MIA 11054)
Company Secretaries

Kuala Lumpur
30 April 2018

Notice of the Eighteenth Annual General Meeting

(continued)

Explanatory Notes of each item on the Agenda

1 The Financial Statements and Reports FY2017 have been approved by the Board and there is no requirement for Shareholders to approve these reports. Shareholders will be given a reasonable opportunity to ask questions and make comments on the reports at the 18th AGM.

Resolutions 1 to 11 are proposed as Ordinary Resolutions which require more than half of the votes cast in favour of the Resolutions. Resolution 12 is proposed as Special Resolution which requires not less than 75% of the votes cast in favour of the Resolution. All resolutions will be put to vote by poll. The total number of voting shares in IGB as at 30 March 2018 (which is the latest practicable date before the production of this Notice of 18th AGM) was 666,476,794 (excluding treasury shares), carrying 1 vote each on a poll.

2(a) The Remuneration Committee (RC) had recommended, subject to shareholder approval, the payment of Directors' fees of RM260,000 in respect of FY2017 (FY2016: RM252,404). The fees increased slightly in the year because of the appointment of a Director in mid-2016.

2(b) The benefit accorded to the Directors is the meeting allowance of RM2,500 for each Independent Director and RM1,500 for each Non-Independent Director, on a per meeting basis. The RC had at its meeting in February 2018 recommended that the meeting allowance for the period from the 18th AGM to the next AGM in 2019 remained status quo in accordance with the meeting allowance structure as stated herein.

Directors who are shareholders of IGB shall abstain from voting on Resolutions 1 and 2.

3 Ms Tan Lei Cheng, Mr Daniel Yong Chen-I and Encik Daud Mah Bin Abdullah who joined the Board on 20 September 2000, 8 December 2014 and 15 January 2003 respectively, are obliged to retire from office pursuant to Article 98 of AoA which provides that 1/3rd of Directors shall retire and stand for re-election at every AGM. Their profiles are set out in IGB Annual Report 2017 under the heading Profile of Directors.

All 3 Directors who are shareholders of IGB shall abstain from voting on the resolution pertaining to their own re-election as directors.

4 The appointment of PwC as Auditors ends at the conclusion of the 18th AGM. The Board had at its meeting in February 2018 approved the resolution on the re-appointment of PwC as Auditors.

5(a) Datuk Tan Kim Leong and Encik Daud Mah bin Abdullah were appointed as Independent Directors on 11 January 2002 and 15 January 2003 respectively and have been on the Board for over 12 years. The Board, through the Nomination Committee (NC) had conducted an assessment of the independence of the independent directors and affimed that they demonstrated complete independence in character and judgement both as Board members and in their roles as Committee members. They have a good understanding of the business of the Company and with their knowledge and experience would continue to provide invaluable contribution to the Board. The Board (without the participation of the interested Independent Directors) therefore endorsed NC's recommendation for both Directors to be retained as Independent Directors. The Board had, however, decided not to seek approval through a 2-tier voting process in view of the legal opinion received that the 2-tier voting process is not compatible with Section 291 of the Companies Act, 2016. Their profiles are set out in IGB Annual Report 2017 under the heading Profile of Board of Directors.

5(b) Resolution 9 is to renew, effective until IGB's AGM in 2019, the Sections 75 and 76 Mandate for the Directors to allot and issue up to 10% of the total number of issued shares of IGB for any strategic acquisition opportunities involving equity or part equity or such purposes as the Directors consider to be in the interest of IGB. The approval is sought to give the Directors the authority and flexibility to raise funds more expediently without having to convene separate general meetings. No shares were allotted and issued up to date of this Notice of 18th AGM pursuant to the mandate obtained at the 2017 AGM.

5(c) Resolution 10 is to renew, effective until IGB's AGM in 2019, 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 positions. Details of SBB Mandate are set out in Part A of the Statement/Circular which is sent together with the abridged IGB Annual Report 2017.

5(d) Resolution 11 is to approve/ratify RRPT Ratification as well as to grant RRPT Mandate. Details of RRPT Ratification and RRPT Mandate are set out in Part B of the Statement/Circular which is sent together with the abridged IGB Annual Report 2017.

Tan Lei Cheng, Dato' Seri Robert Tan Chung Meng, Tan Boon Lee, Daniel Yong Chen-I and Tan Mei Sian 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.

5(e) Resolution 12, if passed, will align the Company's Constitution with the new provisions of the Companies Act, 2016, the amendments made to the Main Market Listing Requirements and enhance administrative efficiency.

Notice of the Eighteenth Annual General Meeting
(continued)

Notes:

Appointment of proxy

(a) A member is entitled to appoint not more than 2 proxies (none of whom need to 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 which accompanies this Notice of 18th AGM. The lodging of the Proxy Form does not preclude a member from attending and voting in person at the 18th 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 25 May 2018 shall be entitled to attend and vote at the 18th AGM, or appoint proxy(ies) to attend and vote on their behalf.
(f) 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 29 May 2018 at 2.30 p.m.
(g) IGB Annual Report 2017 and Statement/Circular are available on IGB's website www.IGBbhd.com, which members can view or download at their convenience.

Registration of members/proxies

(a) Registration will start at 12.30 p.m. on the day of the 18th AGM.
(b) Members/proxies are required to produce original identification cards/documents during registration for verification.
(c) Members/proxies who park their vehicles at GTower will have to stamp their parking tickets at the registration counter and then validate the tickets at the security counter at the lobby.
(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 2.00 p.m.
(e) The registration counters will only process verification of identities and registration. Other queries/clarification, please proceed to Help Desk Counter.

Profile of Board of Directors

TAN LEI CHENG
Non-Executive Chairman and Non-Independent Non- Executive Director
Malaysian, Female, Aged 61

Tan Lei Cheng was appointed a Director of IGB Berhad (formerly known as Goldis Berhad (IGB or Company) on 20 September 2000. She was appointed the Executive Chairman and Chief Executive Officer (CEO) of the Company on 6 May 2002 until she retired on 31 December 2016. Following her retirement, she was re-designated as a Non-Executive Chairman and Non-Executive Director of the Company. She was the CEO of Tan & Tan Developments Berhad (Tan & Tan) a property development company, from March 1995 to August 2003. Tan & Tan is a public company listed on Bursa Malaysia Securities Berhad until the Company took over its listing on 8 May 2002, following the completion of the merger between the Company, Tan & Tan and IGB Corporation Berhad (IGB Corp). She is the prime mover in identifying and developing projects that are in the growth industry sector. She has more than 30 years of experience in the property industry and the corporate sector. She holds a Bachelor of Commerce from the University of Melbourne, Australia, and a Bachelor of Law from King's College, London (LLB Hons). She is a member of Lincoln's Inn and was admitted to the English Bar in 1983. She is also a member of the World Presidents' Organisation, Malaysia Chapter.

She is a director of IGB REIT Management Sdn Bhd (IGBRM) (the manager of IGB Real Estate Investment Trust) (IGB REIT), Tan & Tan and Dato' Tan Chin Nam Foundation.

She is a member of the Remuneration and ESOS Committees.

DATO'SERI ROBERT TAN CHUNG MENG
Group Chief Executive Officer (CEO)
Malaysian, Male, Aged 65

Dato' Seri Robert Tan Chung Meng was appointed to the Board of the Company on 8 December 2014 and as Group CEO on 30 March 2018. He has vast experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years of 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 Corp in 1995 when he was the Joint Managing Director and subsequently appointed Group Managing Director in 2001, a position he holds today.

He has been involved in various development projects carried out by IGB Corp, in particular Mid Valley City. From inception to the realisation of Mid Valley Megamall and The Gardens Mall, he was actively involved in every stage of their developments. He is instrumental to the development and success of Mid Valley Megamall and The Gardens Mall and more importantly, in retaining their positions as prime shopping hotspots in the Klang Valley.

He is a director of IGB Corp, IGBRM (the manager of IGB REIT), Wah Seong Corporation Berhad, Tan & Tan and Yayasan Tan Kim Yeow.

DATUK TAN KIM LEONG @ TAN CHONG MIN, J.P.
Senior Independent Non-Executive Director
Malaysian, Male, Aged 78

Datuk Tan Kim Leong @ Tan Chong Min was appointed to the Board of the Company on 11 January 2002. He is a Fellow member of the Institute of Chartered Accountants, Australia and the Malaysian Institute of Chartered Secretaries and Administrators. He holds professional memberships in the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants. He was the Executive Chairman of BDO Binder from 1982 to 2009.

Other directorships in public companies include IOI Properties Group Berhad, Amoy Canning Corporation (Malaya) Berhad, Yayasan Tan Sri Dato' Lee Shin Cheng, Ng Teck Fong Foundation, Malaysia-China Business Council and KL Industrial Services Berhad.

He is the Senior Independent Director, Chairman of the Audit Committee and a member of the Nomination, Remuneration and ESOS Committees.

Profile of Board of Directors
(continued)

DAUD MAH BIN ABDULLAH @ MAH SIEW WHYE
Independent Non-Executive Director
Malaysian, Male, Aged 56

Daud Mah Bin Abdullah @ Mah Siew Whye was appointed a Director of the Company on 15 January 2003. He holds a Bachelor of Science (Econs) degree from the London School of Economics and Political Science and a Masters in Business Administration majoring in Finance from Wharton School, University of Pennsylvania. He is a member of the Institute of Chartered Accountants of England and Wales and of the MIA.

His working experience commenced with Coopers & Lybrand, London from 1984 to 1989. After completing his Masters in Business Administration in 1992, he returned to Malaysia to join The Boston Consulting Group. He left The Boston Consulting Group in 1995 and set up a boutique fund management company called Kumpulan Sentiasa Cemerlang Sdn Bhd where he is a Director.

He is the Chairman of the Remuneration and ESOS Committees and a member of the Audit and Nomination Committees.

LEE CHAING HUAT
Independent Non-Executive Director
Malaysian, Male, Aged 64

Lee Chaing Huat was appointed to the Board of the Company on 8 December 2014. He is a fellow member of the Association of Chartered Certified Accountants, UK and a member of the MIA.

He started his career as an auditor in 1971 with Messrs. Hanafiah Raslan & Mohamad/Touche Ross, Malaysia before joining the financial sector in 1980. He has wide banking experience having worked with several banks – The Chase Manhattan Bank, Kwong Yik Bank Berhad and thereafter RHB Bank Berhad when Kwong Yik Bank merged with DCB Bank Berhad in 1997.

In 2004, he joined Hong Leong Credit Berhad as Group Chief Financial Officer and later joined Hong Leong Bank Berhad as Chief Operating Officer/Head of Business Banking Division. Thereafter, in December 2005, he started his own private management consultancy company.

Other directorships in public companies include Sentoria Group Berhad.

He is the Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees.

TAN BOON LEE
Non-Independent Executive Director
Malaysian, Male, Aged 54

Tan Boon Lee was appointed a Director of the Company on 11 January 2002. He holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He is presently the CEO of Tan & Tan. He has more than 20 years of experience in the property and hotel industry, giving management and technical assistance to hotel and hospitality projects in Malaysia and Asia. In the 1990's, he spearheaded IGB Corp 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.

He is a director of IGB Corp, IGBRM (the Manager of IGB REIT), Tan & Tan, Dato' Tan Chin Nam Foundation and SW Homeowners Berhad.

He is a member of the Remuneration and ESOS Committees.

Profile of Board of Directors
(continued)

TAN MEI SIAN
Non-Independent Executive Director
Malaysian, Female, Aged 34

Tan Mei Sian was appointed to the Board of the Company on 18 May 2016. Prior to her appointment to the Board of the Company, she was the Alternate Director to Tan Boon Lee for the period from 5 February 2013 to 18 May 2016. She graduated from the London School of Economics and Political Science with a Bachelor of Science in Economics. She is the Executive Director of the Company.

She was previously an Engagement Manager at Oliver Wyman, specialising in financial services and risk management consulting, having worked with major financial institutions in the United States, United Kingdom, Netherlands, China, Taiwan, Hong Kong, Singapore, Malaysia, Thailand and Australia. She is a member of the Young Presidents' Organisation (YPO).

She is an Alternate Director to Tan Lei Cheng on the Board of Tan & Tan.

DANIEL YONG CHEN-I
Non-Independent Executive Director
Malaysian, Male, Aged 46

Daniel Yong Chen-I was appointed to the Board of the Company on 8 December 2014. Prior to his appointment to the Board of the Company, he was an Alternate Director to Pauline Tan Suat Ming for the period from 10 July 2014 to 8 December 2014. He is a law graduate from the University of Bristol, England.

He is presently the Joint Chief Operating Officer (Mid Valley Megamall). 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 Mid Valley Megamall since. He was also involved in the design and pre-opening of The Gardens Mall 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 Escalator in Malaysia.

He is a director of IGBRM (the manager of IGB REIT).

Note:

None of the Directors have:

(i) any family relationship with any Director and/or major shareholder of the Company save for Tan Lei Cheng, Dato' Seri Robert Tan Chung Meng, Tan Boon Lee, Daniel Yong Chen-I and Tan Mei Sian;
(ii) any conflict of interest with the Company;
(iii) any conviction for offences within the past 5 years other than traffic offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2017.

Profile of Key Senior Management

of IGB Berhad (formerly known as Goldis Berhad) (IGB)

TAN MEI SIAN
Director of Corporate and Investment
Malaysian, Female, Aged 34

Tan Mei Sian was appointed as the Director of Corporate and Investment on 1 September 2014. Her profile is listed in the Profile of Board of Directors on page 18.

LEONG KOK CHI
Chief Financial Officer
Malaysian, Male, Aged 51

Leong Kok Chi was appointed as the Chief Financial Officer on 16 May 2002. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

He started his career with Hanafiah Raslan and Mohamad in 1988 and left the firm in 1994 to join Larut Consolidated Berhad as Corporate Manager. Thereafter, he joined MBf Finance Bhd in 1997 as the Senior Manager of Finance and Treasury Department. He left MBf Finance Bhd in 2002 as a Vice President of the Finance Department.

COLIN NG CHO LENG
Chief Investment Officer
Malaysian, Male, Aged 49

Colin Ng Cho Leng was appointed as the Chief Investment Officer on 19 July 2013. He holds a Masters of Business Administration from RMIT University (Melbourne), Post Graduate Diploma in Finance from Melbourne University (Melbourne) and a Bachelor of Economics from Monash University (Melbourne).

He joined the Company as a Senior Investment Manager in 2004. He sits on the board of 16 subsidiaries of IGB. Prior to being in IGB, he has spearheaded Corporate Development/Corporate Finance in a number of main board listed companies.

Note:

None of the Key Senior Management of IGB have:

(i) any family relationship with any Director and/or major shareholder of IGB save for Tan Mei Sian;
(ii) any conflict of interest with IGB;
(iii) any conviction for offences within the past 5 years other than traffic offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2017.

Profile of Key Senior Management

of IGB Corporation Berhad (IGB Corp), a principal subsidiary of IGB
(continued)

The Key Senior Management team is headed by the Group Managing Director of IGB Corp, Dato' Seri Robert Tan Chung Meng and his profile is set out in the Profile of Board of Directors of the Annual Report.

TAN BOON LEE
CEO (Property Development)
Malaysian, Male, Age 54

Appointment : 1 March 1985.

His profile is listed in the Profile of Directors on page 17.

CHUA SENG YONG
Executive Committee Chairman (Hotel)
Malaysian, Male, Age 55

Appointment : 1 July 1994

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 Corp as Financial Controller in 1994 and has more than 30 years of experience in the property and hotel industries. He is presently the Executive Assistant to the Group Managing Director and the divisional head of procurement, information technology and corporate and legal affairs of the IGB Corp Group.

DATO' ERIC LIM HOCK KHENG
Managing Director and CEO (Hotel Management)
Malaysian, Male, Age 67

Appointment : 1 November 1996

Dato' Eric Lim is a graduate of the Cornell University Hotel School General Managers' Programme.

He has over 45 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 Corp 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 had served as a MAH board member and as a trustee of Malaysian Association of Hotels Training & Education Centre.

ANTONY PATRICK BARRAGRY
CEO (IGB REIT Management Sdn Bhd)
British/Permanent Resident of Malaysia, Male, Age 66

Appointment : 1 September 2012

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 Corp Group commenced with Renaissance Kuala Lumpur Hotel in 1993; then, as Project Director for phase 1 of Mid Valley City, including Mid Valley Megamall; and subsequently was appointed Executive Director of Mid Valley City Sdn Bhd in 2002, where he spearheaded the development of more than 6 million square feet of commercial space in Mid Valley City's phase 2 (The Gardens Mall and The Gardens Hotel & Residences), phase 3 (Mid Valley City Southpoint, presently under construction) and phase 4 (Northpoint). He was also Project Director for the design and construction of St Giles Heathrow, London and Pangkor Island Beach Resort upgrade in 2004 (presently undergoing redevelopment work and will 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

of IGB Corp, a principal subsidiary of IGB
(continued)

CHAI LAI SIM
Group Chief Financial Officer
Malaysian, Female, Age 57

Appointment : 1 August 1993

Chai Lai Sim is a member of the 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 PLT) before joining Tan & Tan as Group Financial Controller in 1993. Following the completion of the merger between Tan & Tan and IGB Corp in 2002, she was appointed Senior Group General Manager of Group Finance and subsequently assumed the present role of Group Chief Financial Officer of IGB Corp.

LIM GIK CHAY
Executive Director (Construction)
Malaysian , Male, Age 56

Appointment : 11 April 1994

Lim Gik Chay holds a Bachelor of Science in Civil Engineering from University of Memphis, United States. He is a graduate member of the Institution of Engineers Malaysia.

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 Corp. In 1994, he joined IGB Corp 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, Renaissance Kuala Lumpur Hotel, The Gardens Mall, The Gardens Hotel and Residences, Desa Damansara Condominium, U-Thant Residence, Seri Ampang Hilir, Cendana, St Giles Makati, G Residence, Pangkor Island Beach Resort, MVC Southpoint (presently under construction) and Mid Valley Megamall Southkey (presently under construction).

GOH HONG SEONG
Senior General Manager (Group Property Management)
Malaysian, Male, Age 65

Appointment : 1 September 2010

Goh Hong Seong holds a Bachelor of Engineering (Hons) from Monash University, Melbourne. He is a qualified Professional Engineer and a Fellow member of the Institution of Engineers, Malaysia.

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 involved 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 later 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 Corp as head of Group Property Management in 2010, overseeing all commercial office buildings of the Group.

Note:

None of the Key Senior Management of IGB Corp, a principal subsidiary of IGB have:

(i) any family relationship with any Director and/or major shareholder of IGB save for Dato' Seri Robert Tan Chung Meng and Tan Boon Lee;
(ii) any conflict of interest with IGB;
(iii) any conviction for offences within the past 5 years other than traffic offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2017.

Corporate Governance Overview Statement

IGB Berhad (IGB or the Company) and its Board of Directors (the Board) recognises that well-defined corporate governance processes are essential in enhancing corporate accountability and long term business sustainability and remain committed in ensuring good governance practices in its overall management of IGB and its subsidiaries (IGB Group or Group) to preserve and maximise its shareholders' value.

The Board has the ultimate authority and oversight of IGB Group and endorses the principles of fairness, responsibility, transparency and accountability when conducting the business and affairs of the Group. The Board took cognisance of the new Malaysian Code on Corporate Governance 2017 (MCCG) and supports the principles and best practices laid out in the MCCG.

In 2017, the Company undertook a major corporate exercise in acquiring the remaining equity interest in its major subsidiary, IGB Corporation Berhad (IGB Corp) by way of a Scheme of Arrangement resulting in 100% ownership in IGB Corp. The corporate exercise was successfully completed on 16 March 2018 with the delisting of IGB Corp. The Group is now undergoing a corporate integration process, merging the two organisational cultures and incorporating best processes of both companies including the people and teams within which would enhance the Group's synergy and allow it to move forward for its next phase of growth. A complete integration of the two companies would take 1 to 2 years. Concurrently, the Board would be addressing the current governance structures, practices and processes of the Company within the framework of evolving laws and regulations and yet appropriate in the light of its needs and circumstances.

This Statement discloses the extent in which the Company has followed the principles and practices of the MCCG. The Company's key governance documents, including the Constitution, Board Charter, Directors' Code of Ethics and the terms of reference of each of the Board Committees are posted on IGB's website, www.IGBbhd.com.

Board Roles and Responsibilities

The Board leads the Group and its principal focus is the overall strategic direction, development and control of the Group. The principal responsibilities of the Board include the following:-

(i) Reviewing and adopting a strategic plan for the Company

The Board plays an active role in guiding management in the strategic planning of the Company. Management will present a budget for the Group at the end of every year for the following year. Thereafter, a midyear review would be conducted with management reviewing their recommended strategy and business plan and the amended budget and variances will be tabled and approved by the Board.

All the Directors are free to challenge management's proposals. Directors may request for further explanations and information prior to approving business propositions recommended by management.

(ii) Overseeing the conduct of the business of the Company to evaluate whether the business is being properly managed

The Board reserves for its consideration significant matters such as the approval of financial results and appointment of directors and company secretary. The Board also adopts a schedule of matters specifically reserved for the Board's approval such as fixing limits of authority for acquisition and disposal of investments, capital expenditure, annual budget and total investment in subsidiaries.

(iii) Identifying principal risks and ensure the implementation of appropriate systems to manage these risks

The Board through the Audit Committee (AC) oversees the risk management framework of the Group. The Group Internal Auditor monitors the areas of high risk and adequacy of compliance and control procedures and reports to the AC.

Further details of the Company's risk management and internal controls are set out in the Statement on Risk Management and Internal Controls in the Annual Report.

(iv) Succession planning

The Board through the Nomination Committee oversees the succession planning process of the Company. The Board Charter sets out the procedures for new nominations to the Board. Suitability of the proposed candidates is based on established selection criteria as set out in the Evaluation Policy Framework in the Board Charter.

(v) Developing and implementing an investor relations policy for the Company

IGB has an investor relations policy which promotes effective communication with shareholders and encourages participation at General Meetings. The policy is available on the website of the Company.

Corporate Governance Overview Statement
(continued)

(vi) Reviewing the adequacy and the integrity of the internal controls systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines of the Company.

The Board is ultimately responsible for the adequacy and integrity of the internal controls system and management information system of the Group. Further details on this are set out in the Statement on Risk Management and Internal Controls in the Annual Report.

The Company has a Non-Executive Chairman. She was formerly the retired Group Chief Executive Officer (CEO) who had provided sound counsel and guidance to the Group throughout the journey of becoming the profitable and stable IGB Group of today. The role of the Chairman includes:-

(a) ensuring the orderly conduct and working of the Board;

(b) encouraging constructive discussion;

(c) representing the Board to shareholders and communicating the Board's position; and

(d) facilitating corporate governance processes with the advice of the Company Secretary.

During the year under review given the existing businesses, investments and organizational profile of IGB, no director acted as the CEO of the Group. Following the retirement of the Group CEO in December 2016, an Executive Committee (EXCO), comprising Senior Management of IGB was established to manage the day to day operations of the Group. The EXCO meets on a weekly basis. The IGB EXCO has full authority to oversee the conduct of IGB Group's businesses/investments and to review and/or implement strategic plans for IGB Group with restricted authority given by way of limits determined by the Board. It reviews and recommends strategies and policies for the Board's approval and oversees their implementation.

Dato' Seri Robert Tan Chung Meng was appointed as the Group CEO on 30 March 2018. On the same date, the EXCO established in December 2016 was formally dissolved.

Company Secretary

The Company has two Company Secretaries who are accountable to the Board. Both Company Secretaries have professional qualifications (one is a member of MAICSA whilst the other is a member of MIA) and are qualified to act as company secretary under the Companies Act 2016 (the Act).

The Directors have access to the advice and services of the Company Secretaries who facilitates overall compliance with the Main Market Listing Requirements (MMLR), the Act and other relevant laws and regulations. The Company Secretaries may also obtain the services of independent advisory bodies, from time to time, if requested by the Board or Board Committees. The Board, with the support of the Company Secretaries, monitors developments in corporate governance, statutory and regulatory requirements relating to Directors' duties and responsibilities.

The Company Secretaries work with the Chairman, the Board and Board Committees and is responsible for ensuring the smooth running of the Board and Board Committees. Board and Committees agendas, papers and minutes are available to all members of the Board. The Company Secretaries also coordinates the processes relating to the convening of general meetings.

Board Meetings

The Board meets quarterly with additional meetings to be convened when urgent matters need to be discussed and approved between these scheduled meetings. Board meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly to fit the year's Board meetings into their respective schedules.

During the financial year ended 31 December 2017 (FY2017), the Board held 5 meetings. Individual attendance at these meetings is set out in Appendix I.

The Directors have direct and unrestricted access to Senior Management and to all information which they may require in discharging their duties. This information includes both verbal and written details. The directors could also request for such professional advice via the Board and various Board Committees set up with their own established terms of reference and operating procedures which are reviewed on a regular basis.

All Directors are provided with an agenda and a set of Board papers electronically and in hard copies. They are issued with sufficient time to enable the Directors to obtain further clarifications where necessary. The Directors consider the circulation period as sufficient time to enable them to review the papers. However, to maintain confidentiality, certain meeting papers which are deemed highly confidential are distributed to the Directors at the Board meeting itself. Any additional information requested by Directors is promptly furnished. Where deemed necessary, external consultants and advisors are invited to give presentations and briefings to provide further information and respond directly to the Directors.

Corporate Governance Overview Statement
(continued)

Draft minutes are circulated to all Directors after the meeting for their perusals and comments prior to confirmation at the following Board meeting. At the following meeting, the Directors may still raise comments prior to confirmation of the minutes as a correct record of proceedings of the Board. All deliberations, discussions and decisions including dissenting views are minuted and recorded accordingly.

All Directors are able to allocate sufficient time to discharge their duties and responsibilities effectively as evidenced by the attendance record of the Directors at the Board Meetings. Our dedicated Independent Directors even go the extra mile to discuss their concerns on issues at hand by engaging with Senior Management via informal meetings and telephone calls. None of the Board members hold more than 5 directorships in listed issuers, thus ensuring their commitments, resources and time are focused on the affairs of the Group. All Board members shall notify the Chairman of the Board formally via a 'Letter of Notification of Appointment of Other Directorships' as provided in the Board Charter before accepting any new directorships in any other organization. The new directorships would not unduly affect their time commitments and responsibilities to the Board.

Senior Management is invited to brief and report in meetings of the Board and Board Committees. Informal meetings are also held for Senior Management to brief Directors on prospective deals and potential developments in the early stages.

Directors' Training

Directors' training is an on-going process and the Directors are empowered by the Board to assess their own individual training needs. They are encouraged to participate in external training programmes which they individually consider as useful to update their knowledge and skills required to discharge their responsibilities. The Company Secretary keeps the Directors informed of relevant external training programmes, facilitates the organisation of training programmes and maintains a complete record of the trainings attended by the Directors.

The training programmes and seminars attended by all the Directors during the FY2017 are set out in Appendix 1.

Board Charter

The Board had in 2013 formalised a Board Charter setting out the duties and responsibilities of the Board. The Board Charter is reviewed as and when the need arises to ensure it remains consistent with the Board's objectives and responsibilities and relevant standards of corporate governance. The last revision was made in February 2018. The Board Charter covers key areas such as constitution and principal responsibilities of the board, board meeting procedure, terms of reference of the AC, Nomination Committee and Remuneration Committee and schedule of matters specifically reserved for the Board's approval. The contents of the Board Charter can be viewed on the website of the Company (www.IGBbhd.com).

Directors' Code of Ethics

The Directors continue to adhere to the Directors' Code of Ethics established by the Companies Commission of Malaysia. The principles on which this Code of Ethics rely on are those that concern transparency, integrity, accountability and corporate social responsibilities. The Code of Ethics is available on the website of the Company (www.IGBbhd.com).

Directors are not involved in decisions where they have, or could be perceived to have, conflict of interest or a material personal interest. Any director who considers they may have a conflict of interest or a material personal interest in any matter concerning the Company must declare it immediately and abstain from participating in any discussion or voting on the subject matter. In the event a corporate proposal is required to be approved by shareholders, the interested Director will abstain from voting in respect of his/her shareholdings on the resolution relating to the corporate proposal and will undertake to ensure that persons connected abstain from voting as well.

Directors and Officers are notified of any announcement released to Bursa Malaysia Securities Berhad (Bursa Securities) and the impending restriction in dealing with IGB shares prior to the announcement of quarterly financial results or corporate proposal. All dealings in IGB shares by Directors and Officers are announced to Bursa Securities.

Whistle-Blowing Policy

In line with good governance and transparency, a Whistle-Blowing Policy was adopted by the Company to report concerns relating to illegal, unethical or improper conduct in circumstances where employees and the public may be apprehensive about raising their concerns due to fear of possible adverse repercussions. The policy enables staff to raise concerns openly and locally. The policy is available on the website of the Company (www.IGBbhd.com). For the year under review, there were no reported incidents of whistleblowing.

Corporate Governance Overview Statement
(continued)

Board Composition

The Board comprises 8 members of whom 5 are Executive Directors and 3 are Independent Directors.

The Board considers that its memberships reflects the appropriate balance between executives possessing direct experience and expertise in the core business activities of IGB and non-executive members who bring to the Board a broad range of general commercial expertise and experience.

The objective is that the Board should be of a size and composition that is conducive to effective decision-making and this may not be necessarily be achieved by having half the Board comprising Independent Directors. All the Directors exercise a high duty of due care with respect to the matters which they consider and bring objective judgement to bear in decision making. The Independent Directors are independent of executive management and free of any business relationship that could materially interfere with the exercise of unfettered and independent judgement that could compromise their ability to act in the best interests of the Company. They have the capacity to fully deliberate and examine strategies proposed by management, therefore safeguarding the interests of the stakeholders.

As the Board's size remains relevant and optimal, there was no new appointment to the Board during the year under review. However, the Board took cognisance on the requirements under the MCCG and will continue to monitor the size and composition of the Board moving forward.

The Board has appointed Datuk Tan Kim Leong as the Senior Independent Non-Executive Director to whom any concerns pertaining to the Group may be conveyed.

Independent Directors

Datuk Tan Kim Leong and Encik Daud Mah Bin Abdullah have reached a cumulative limit beyond 12 years in 2017. The Board (without the participation of the interested independent directors) had conducted an assessment of the independence of the independent directors and affirmed that they demonstrated complete independence in character and judgement both as Board members and in their roles as Committee members. They have a good understanding of the business of the Company and with their knowledge and experience would continue to provide invaluable contribution to the Board. The Board is satisfied that Datuk Tan Kim Leong and Encik Daud Mah Bin Abdullah and the other independent director have maintained their independence in the financial year 2017. The Board therefore had recommended that Datuk Tan Kim Leong and Encik Daud Mah Bin Abdullah seek shareholders' approval to continue to serve on the Board as independent directors. The Board has decided not to seek approval through a 2-tier voting process in view of the legal opinion we have received that the 2-tier voting process is not compatible with Section 291 of the Act.

The Board has a policy that if the tenure of an independent director exceed a cumulative term of 9 years, the said independent director may continue to act as a non-independent director if the Board justify and seek shareholders' approval to retain the director as an independent director. The Board, however, does not believe that length of service of an independent director has a bearing on independence. An individual Director's experience and continuity of Board membership can significantly enhance the effectiveness of the Board as a whole.

Appointment of Board and Senior Management

Appointments of new Directors to the Board are the responsibility of the full Board based on the recommendation of the Nomination Committee taking into account the current diversity in skills, experience, age, gender and race/ethnicity.

The appointment of Senior Management is also made based on diversity in skills, experience, age, cultural background and gender.

Boardroom Diversity

The Board recognizes the policy of boardroom diversity in terms of gender, age and ethnicity. Our Board has 6 males and 2 females representations and the required collective skills, experience and expertise contributed by Directors. They come from diverse background, bringing a wealth of experience and leadership qualities. Most importantly, it does not practise any discrimination of any form, whether based on marital status, gender, race, origin, religion, religious beliefs, political opinion or disability.

Female representation at Senior Management level is important as it will improve IGB Group's overall gender equality performance, provide aspirational role models and increase retention of high performing women. Out of a team 6 Senior Management personnel, 3 are women.

Corporate Governance Overview Statement
(continued)

Board Committees

Board Committees assist the Directors in the discharge of their duties and responsibilities. All Committees operate under Board approved terms of reference, which may be updated from time to time to keep abreast with developments in law and best practices in Corporate Governance. The Board has established 4 Board Committees, namely the Nomination Committee, Remuneration Committee, Audit Committee (AC) and ESOS Committee. The Chairman of the respective Board Committees report to the Board on any salient matters raised and which require the attention, guidance and approval from the Board. Minutes of the Committee meetings are circulated to the Board for their information.

Nomination Committee

There were no new appointments to the Board for the year under review. The Board will seek recommendations and referrals from other directors, shareholders and external sources where practical to identify new Directors when the need arises.

The Nomination Committee comprises the following members:-

- Mr Lee Chaing Huat *(Chairman/Independent Non-Executive Director)*
- Datuk Tan Kim Leong *(Senior Independent Non-Executive Director)*
- Encik Daud Mah bin Abdullah *(Independent Non-Executive Director)*

The Chairman of the Nomination Committee is an Independent Director and the Committee comprises exclusively of Independent Directors. Meetings of the Nomination Committee are held as and when required and at least once a year. During the financial year, the Nomination Committee met once.

The terms of reference of Nomination Committee include amongst others, the reporting responsibilities, duties and procedure for nomination and assessment.

The role of the Nomination Committee is to support and advise the Board on the selection and appointment of high quality and talented directors who are able to meet the needs of the Company presently and in the future and the on-going evaluation and review of the performance of the Board and Directors.

Assessment Procedure

The Nomination Committee carries out the assessment of Board, individual Directors, Board Committees, independence of Independent Directors, AC members and Chief Financial Officer (CFO) annually. Individuals abstain from deliberations on their own assessment.

The Company Secretary facilitates the Nomination Committee by preparing and distributing the questionnaires to the respective parties and Committees for assessment, collating the questionnaires and tabulating the rating. The overall findings are communicated to the Nomination Committee for its consideration and action. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are documented.

The Nomination Committee was satisfied with the performance of the various Committees, CFO and the Board in that the Board had discharged its duties effectively and the individual directors were aware of their duties and responsibilities. The Committee had reviewed the size, composition and effectiveness of the Board. The Independent Directors had provided the necessary checks and balances in the Board's exercise of their independent evaluation of the Board's decision with an appropriate balance of executive and independent directors.

The performance of the individual Directors were assessed based on their integrity, strategic perspective, business acumen, ability to understand corporate governance, financial reporting and team work amongst other criteria. The performance of Board Committees were assessed based on their respective terms of reference, authority to carry out duties, access to senior management, internal and external auditors for information and co-operation of the committee members.

All directors had submitted their confirmations on a semi-annual basis as to whether they have any family relationship or transactions with any other Director and/or major shareholder of the Group as one of the criteria to assess independence. The Nomination Committee and Board based on annual assessment were satisfied with the level of independence demonstrated by the Independent Directors. The Nomination Committee and Board hold the view that the length of service of Datuk Tan Kim Leong and Encik Daud Mah bin Abdullah had not in any way interfered with their objective and independent judgement in carrying out their roles as members of the Board and Board Committees. Independence should be evaluated qualitatively and on a case-to-case basis. During Board Meetings, Datuk Tan Kim Leong and Encik Daud Mah bin Abdullah were able to express their opinions free of concern of their positions and their views were taken seriously, of which, without their approval, corporate proposals would not be carried out. The Board is of the opinion that it is the approach and the attitude of the Independent Non-Executive Directors which is critical in determining their independent status. Datuk Tan Kim Leong and Encik Daud Mah bin Abdullah had performed their duties diligently and in the best interest of the Company by providing independent and balanced assessment of proposals from the management.

Corporate Governance Overview Statement
(continued)

The Group has benefitted from these long serving Independent Directors who possess detailed knowledge of the business, standard operating procedures, internal controls and risk management of the Group.

The performance of the AC Members were assessed based on their respective terms of reference, experience, ability to challenge and understand financial reporting amongst other criteria while the performance of the CFO was assessed based on his integrity, professional conduct, qualifications, technical knowledge, and advice to the Board and Board Committees.

There were no areas of concern raised. The Board concurred with the views of the Nomination Committee.

Directors and Senior Management Remuneration

The objective of the policy of the Company on Directors' remuneration is to attract and retain the Directors of the calibre needed to run the Group successfully.

Each of the Directors receive a based fixed Directors' fees and meeting allowance for each Board Meeting and Board Committee meetings that they attend. The Independent Directors receive a higher fee in respect of their responsibilities. The Directors' fees are approved annually by the shareholders in the AGM. The Remuneration Committee reviews the Directors' fees annually and the last revision in Directors' fees was made in 2014. The meeting allowances are reviewed annually and the last revision was done in 2015.

The Director concerned abstains from deliberations and voting on decisions in respect of his/her individual remuneration package. Directors who are shareholders will abstain from voting at the AGM to approve their fees.

The Chairman of the EXCO (the retired CEO of the Group), does not receive any fixed remuneration and only receives meeting allowances plus reimbursements of out of pocket-expenses incurred.

The Committee remunerates its Senior Management in a manner that is market-competitive. The quantum of remuneration is measured based on the achievement of key performance indicators as well as non-financial measures.

Remuneration Committee

The Remuneration Committee comprises the following members:-

- Encik Daud Mah bin Abdullah *(Chairman/Independent Non-Executive Director)*
- Datuk Tan Kim Leong *(Senior Independent Non-Executive Director)*
- Mr Lee Chaing Huat *(Independent Non-Executive Director)*
- Mr Tan Boon Lee *(Non-Independent Executive Director)*
- Ms Tan Lei Cheng *(Non-Independent Non-Executive Director)*

The Remuneration Committee comprises mainly Non-Executive Directors. The presence of 1 Executive Director does not affect the objective of the Remuneration Committee to provide a fair and competitive remuneration to the Board as decisions are based on majority vote. Meetings of the Remuneration Committee are held as and when required and at least once a year. During the financial year, the Remuneration Committee met once.

The Committee has written terms of reference and duties as disclosed in the Board Charter which is available on the website of the Company (www.IGBbhd.com).

Directors and Top 5 Senior Management Remuneration

The Remuneration Committee and Board has assessed and decided that a detailed disclosure on named basis of the Executive Directors might subject the Company to the risk of attrition of these positions.

The aggregate remuneration of Executive Directors categorised into appropriate components for the FY2017 is as follows:-

Company						Group					
Fees	Salary & EPF*	Meeting Allowance	Other Emoluments	Benefits-in-kind	Total	Fees	Salary & EPF*	Meeting Allowance	Other Emoluments	Benefits-in-kind	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
80	450	24	158	-	712	90	23,681	24	158	72	24,025

Note:

* *The salary is inclusive of statutory employer's contribution to EPF*

Corporate Governance Overview Statement
(continued)

The Non-Executive Directors only receive Directors' fees for the FY2017 as follows:-

Company						Group					
Fees	Salary & EPF	Meeting Allowance	Other Emoluments	Benefits-in-kind (BIK)	Total	Fees	Salary & EPF	Meeting Allowance	Other Emoluments	BIK	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
180	-	108	-	-	288	208	-	108	-	-	316

The aggregate remuneration of Directors for the Group analysed into bands for the FY2017 is as follows:-

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,000 and below	-	1
RM50,001 - RM100,000	-	3
RM100,001 - RM700,000	-	-
RM700,001 - RM750,000	1	-
RM750,001 - RM1,600,000	-	-
RM1,600,001 - RM1,650,000	1	-
RM1,650,001 - RM2,100,000	-	-
RM2,100,001 - RM2,150,000	1	-
RM2,150,001 - RM19,500,000	-	-
RM19,500,001 - RM19,550,000	1	-

The Remuneration Committee and Board had assessed and decided that the disclosure of remuneration of the Top 5 Senior Management on a named basis in bands of RM50,000 would not be in the interests of the Company as the Company has been keeping a lean team of Senior Management and such disclosure might affect the retention of competent personnel in a competitive industry where personnel with the expertise and knowledge might be poached by other competitors.

The remuneration paid to the top 5 Officers in bands of RM50,000 for FY2017 is as follows:

Remuneration Bands	No. of Executives	Base Salary	Bonus	BIK	Total
Between RM250,001 – RM300,000	1	82.12%	17.88%	0.00%	100%
Between RM300,001 – RM350,000	1	78.72%	21.28%	0.00%	100%
Between RM401,000 – RM450,000	1	82.45%	17.55%	0.00%	100%
Between RM451,000 – RM500,000	2	84.69%	15.31%	0.00%	100%

Audit Committee (AC)

The AC comprises the following members:-

- Datuk Tan Kim Leong *(Chairman/Senior Independent Non-Executive Director)*
- Encik Daud Mah bin Abdullah *(Independent Non-Executive Director)*
- Mr Lee Chaing Huat *(Independent Non-Executive Director)*

All members of the Committee are independent non-executive directors fulfilling the requirement of the MMLR and MCCG. The chairman of the AC is not the chairman of the Board. The AC met 4 times during the year. The AC also met with the external auditors without the presence of any Executive Directors present. The terms of reference which include the objectives, authority, functions and activities of the AC during the year have been described in detail in a separate statement in the Annual Report.

The Board has included in its Charter a requirement for a former key audit partner who may be appointed to be a member of the AC to observe a cooling-off period of at least 2 years. None of AC members is a former partner of PricewaterhouseCoopers PLT (PwC) who has been the auditors of the Company since its listing.

Corporate Governance Overview Statement
(continued)

External Auditor

The Board has established a formal and transparent professional relationship with the external auditors of the Group through the AC. The auditors are invited to attend AC Meetings at least twice a year without executive Board members present and will highlight to the AC significant matters requiring deliberation and attention. During the financial year under review, 2 private sessions were held on 23 February 2017 and 22 November 2017 between the auditors and the Independent Directors.

The AC determines the suitability of the external auditors. The external auditors are required to affirm its independence to the AC in accordance with the firm's requirements and the provisions of the By-Laws on Professional Independence of the MIA and the engagement signing partner is rotated every 5 years to ensure independence.

The Board regards the members of AC collectively possess the accounting and related financial management expertise and experience required for AC to discharge its responsibilities and assist the Board in its oversight over management in the design, implementation and monitoring of risk management and internal control systems.

The duties of the AC are discussed in further details in the AC Report in the Annual Report.

The training attended by the AC members is detailed in Appendix 1. Updates on developments in accounting and governance standards are presented by the external auditors at AC meetings.

Internal Controls and Risk Management

The Board has overall responsibility for maintaining a sound system of internal controls and risk management to safeguard shareholders' investment and the assets of the Group. The Statement of Risk Management and Internal Controls are set out in the Annual Report providing an overview of the state of internal controls and risk management within the Group.

During the FY2017, the Board was assisted by the EXCO in reviewing and approving the risk management strategy, risk appetite and policy. The proactive identification, design and implementation of risks were the responsibilities of Senior Management and Heads of Operating Units. The EXCO reports to the Board on the management of its material business risks in the Executive Directors' Report presented by the Executive Director, who is also an EXCO member on a quarterly basis which includes the following:-

(i) annual budgets and operating units' business plan;

(ii) actual results compared against budgets;

(iii) quarterly reviews are held by the IGB EXCO with the subsidiary EXCOs to monitor the progress of projects and plans;

(iv) financial authority limits set for capital expenditure and operating expenditure of subsidiary EXCOs.

The Minutes of the EXCO meetings were circulated to the Board.

The AC through the assistance of the internal and external auditor assists the Board in its oversight of the Company's financial reporting and review on the adequacy and effectiveness relating to internal control. The AC is guided by its Terms of Reference as set out in the Company's website.

The AC assists the Board in examining the adequacy and effectiveness of IGB risk management system to ensure that a robust risk management is maintained. Based on periodic updates from the Management and annual risk reports presented by the Group Internal Audit Department which shed insight on the areas of risk, likelihood, impact and management action on IGB Group's operating business and functional units, the AC is able to keep under review the adequacy and effectiveness of the Group's risk management system as well as their risk portfolio, risk level and risk mitigation strategies.

Corporate Governance Overview Statement

(continued)

Internal Audit

During the FY2017, the Group had an in-house internal audit function which comprises a team of 3 qualified professionals, led by the Head of Internal Audit, Mr Chen Fun Hwa who holds a Master in Business Administration, majoring in General Management and is a member of the Institute of Internal Auditors Malaysia. The Head of Internal Audit reports directly to the AC on its activities based on the approved Internal Audit Plan.

The appointment and resignation of the Head of Internal Audit is reviewed by the AC. Selection of other team members of the internal audit department is decided by the Head of Internal Audit.

The Head of Internal Audit undergoes training programmes to keep abreast with the relevant developments in the profession and regulations.

The internal audit function is independent of management and free from any relationships or conflicts of interest. The internal auditors have full access to the IGB Group's entities, records and personnel.

The Head of Internal Audit retains and exercise the right to meet with the AC in the absence of management.

While internal and external audit work closely together, they have separate functions. The external audit firm does not provide internal audit services to the Group.

Communication with Shareholders and other Stakeholders

IGB is committed to ensuring shareholders have comprehensive and timely information about its activities to enable them to make informed investment decisions.

The Company has adopted a Corporate Disclosure Policy issued by Bursa Securities which is available on the website of the Company. Shareholders and other stakeholders are informed of all material matters through timely announcements of quarterly results, Annual Report, Circular to Shareholders and press releases.

To promote more efficient and effective ways to communicate with its stakeholders, the Board has leveraged on information technology to disseminate information. The Company's website contains a range of information that may be useful to shareholders. Information most likely to be of interest to the shareholders is available under the 'Investor Relations tab' and includes Analyst Reports, announcements, financial reports, Annual Reports, minutes of general meetings, dividend history and performance highlights. Shareholders are able to contact the Company by mail, telephone, facsimile, email or by filling the online enquiries form available on the website.

IGB has an investor relations policy which promotes effective communication with shareholders and encourages participation at General Meetings. The policy is available on the website of the Company.

Annual General Meeting (AGM)

The notice of the AGM is issued at least 28 days before the meeting. The notice is also published in a leading English newspaper.

The Company's AGM represents a key opportunity for shareholders to meet the Board and ask questions of the Directors. All the Directors which include the chairman of the various committees and key members of senior management, including the CFO and Chief Investment Officer are present and available to answer questions addressed to them. The lead audit partner of IGB external auditor, PwC, also attend the AGM and is available to answer questions on the Group's financial questions and the conduct of the audit.

IGB does not allow shareholders to vote in absentia at general meetings. Shareholders who are not able to attend the AGM or general meetings in person may appoint proxies or in the case of a corporation, a duly authorised officer or attorney to represent them at the meeting.

The Company had implemented electronic poll voting for all the resolutions set out in the Notice of AGM to expedite counting and verification of votes and had appointed a reputable Scrutineer to check and verify votes cast at the AGM.

This Statement has been approved by the Board of Directors on 30 March 2018.

Corporate Governance Overview Statement
(continued)

Appendix 1

Directors' at Board and Board Committees Meetings held during FY2017

Director	Board	AC	NC	RC
Tan Lei Cheng	5 out of 5			1 out of 1
Datuk Tan Kim Leong	5 out of 5	4 out of 4	1 out of 1	1 out of 1
Daud Mah bin Abdullah	5 out of 5	4 out of 4	1 out of 1	1 out of 1
Lee Chaing Huat	5 out of 5	4 out of 4	1 out of 1	1 out of 1
Dato' Seri Robert Tan Chung Meng	5 out of 5			
Tan Boon Lee	5 out of 5			1 out of 1
Tan Mei Sian	4 out of 5			
Daniel Yong Chen-I	5 out of 5			

Details of the training programmes, seminars and conferences that Board members attended during FY2017

The trainings attended by the Directors during the FY2017 are set out below:-

Directors' Name	Course Detail
Tan Lei Cheng	• MCCG 2017
Datuk Tan Kim Leong	• Bursa Risk Management Programme - "I Am Ready to Manage Risks" • MCCG 2017
Daud Mah bin Abdullah	• Malaysian Code on Corporate Governance: A New Dimension • Dawn of the Cryptocurrencies • MCCG 2017
Dato' Seri Robert Tan Chung Meng	• MCCG 2017
Tan Boon Lee	• Kopi Talk on Changing Tides: The Evolving Legal Environment for Businesses
Daniel Yong Chen-I	• MCCG 2017

The trainings given by 2 Directors during the FY2017 are set out below:-

Directors' Name	Course Detail
Tan Mei Sian	• Rockerfeller Habits Training • Rockerfeller Habits Training • CrossFit Foundation Training • CrossFit Foundation Training • Revenue Strategies Training
Lee Chaing Huat	• Loan Structuring • Business Identification • Business Lending Fundamentals • Relationship Management

Additional Compliance Statement

Audit and Non-Audit Fees

The amount of audit fees paid or payable to the external auditors for services rendered to the Company and the Group for the FY2017 amounted to RM110,000 and RM1,571,000 respectively.

The amount of non-audit fees paid or payable to the external auditors and its affiliates for services rendered to the Company and the Group for the FY2017 amounted to RM249,000 and RM836,000 respectively. Out of the total non-audit fees, an amount of RM226,000 were professional fees paid for services rendered in respect of the acquisition by the Company of the entire equity interest in IGB Corp not already owned by the Company by way of a members' scheme of arrangement and a special tax audit.

Material Contracts

Other than disclosed in Note 42 of the Financial Statements and in the Circular in respect of Recurrent Related Party Transactions there were no other material contracts entered into by the Company and/or its subsidiaries which involved Directors' or major shareholders' interests either still subsisting at the end of the FY2017 or which were entered into since the end of the previous financial year.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and Company as at 31 December 2017 and of the results and cash flows of the Group and Company for the financial year ended on that date.

The Directors are pleased to announce that in preparing the financial statements for the financial year ended 31 December 2017, the Group has:

- ensured compliance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016;
- adopted and consistently applied appropriate accounting policies; and
- made judgements and estimates that are prudent and reasonable.

The Directors are also responsible for ensuring that the Group and Company keep proper accounting records. In addition, the Directors have overall responsibilities for the proper safeguarding of the assets of the Group and Company and taking such reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was made in accordance with the resolution of the Board of Directors passed on 13 February 2018.

Sustainability Statement

1. Introduction

IGB Berhad (IGB) is an investment holding company with a diverse portfolio. This Sustainability Statement covers our business comprising commercial, retail, residential, hospitality, information and communication technology, educational and water treatment assets in Asia, Australia, the United States and Europe.

Previously known as Goldis Berhad, we were renamed IGB Berhad, which stands for Ipoh Goldis Bersatu Berhad, following the successful acquisition of the entire equity interest in IGB Corporation Berhad that we did not already own. The proposed takeover received approval from the shareholders of IGB Corporation Berhad at a court-convened meeting held on 22 November 2017. IGB Corporation Berhad was delisted from the Main Market of Bursa Malaysia on 16 March 2018.

This Sustainability Statement formally sets out our approach to sustainability as well as discusses the various initiatives that we have undertaken in the year to drive sustainability within the Group. This statement covers areas that are integral to our continued success and have been deemed to be of importance not only to us but to our stakeholders.

2. Our Commitment to Sustainability

Sustainability sits at the heart of our business. It not only drives our broad growth strategy but every initiative and investment decision made across the Group. The recent corporate exercise is just one example of how we continue to focus on growing a resilient business that will last for generations to come.

The world is developing at an increasingly rapid pace, requiring businesses today to stay ahead of emerging trends and be quick to adapt to fast evolving landscapes if they want to succeed. Against this backdrop, it is imperative for us that we move forward with a clear, coherent strategy, supported by a corporate structure that allows us to effectively chart the direction of growth of our business across all our subsidiaries. The recent corporate exercise allows us to do just that by streamlining our business, allowing us to be more cost effective, nimble and efficient, qualities that are imperative for businesses looking to succeed in today's competitive environment.

With our new consolidated structure, we will be looking to streamline our approach to sustainability, and enhance existing sustainability frameworks and reporting structures, to enable us to better identify, track, measure and meaningfully report sustainability initiatives across the Group. We believe that doing so will help us not only thrive as a Group but enrich the lives of those around us and create lasting value for our stakeholders.

3. Our Sustainability Governance Structure

The Board is ultimately responsible for the Group's sustainability efforts and oversees our sustainability strategy and initiatives. The heads of each of our subsidiaries work with a Sustainability Committee made up of members of their business to drive sustainability within their organisation. These committees formulate, implement and monitor the sustainability initiatives within their business.

It is important to us that we keep up to date with sustainability reporting requirements set out by Bursa and seek to continually improve our approach, framework and reporting structure as they pertain to sustainability reporting. To this end, selected members of the Board, representatives from our company secretary's office and business heads were required to attend sustainability workshops held by Bursa in the year.

4. Materiality Process

This year, working groups within each business were tasked to review the materiality factors identified last year to assess if they continued to make sense for each of their businesses this year. Part of the review process involved taking into account feedback from both internal and external stakeholders and assessing the weightage placed on each factor for their business.

Following the review, it was determined that the materiality factors identified last year continued to remain relevant this year.

(a) Economic: Supporting Growth, Shaping Future Trends

IGB has grown alongside Malaysia. Through the years, we have played a supporting role, shaping our nations landscape and bringing to Malaysians the finest in hospitality and F&B. We have shaped trends in housing and commercial developments and brought to our communities retail offerings that both meet their needs and introduce to them new and exciting trends. Our growth strategy has always been centred on our communities and we recognise that we need to remain relevant to them if we want to continue to grow sustainably. This sentiment continues to drive our growth strategy, even as we have expanded our footprint beyond the shores of Malaysia.

Sustainability Statement
(continued)

Across our businesses, we seek to make a lasting impact on the lives that we touch. We therefore strongly believe in giving back to the less fortunate and working to support local businesses and people where it makes sense. A majority of our workforce continues to comprise of Malaysians and an increasing effort is being made to engage local suppliers and contractors where possible. Our Group Property Management division goes a step further and works to engage suppliers who in turn support local businesses. They also strive to source building materials locally.

When IGB International School (IGBIS) was being built, we worked to ensure that we engaged local businesses where appropriate. Building materials such as cement and bricks, as well as building consumables including pipes, water pumps and light bulbs, were all sourced locally. The contractors engaged to carry out defect rectifications, ongoing maintenance and services such as cleaning, security, landscaping and pool cleaning are all also local.

As part of our expansion strategy, we always look for opportunities that allow us to enrich the lives of the end user. GTower, which is under the management of our subsidiary GTower Sdn Bhd, seeks to cater to the emerging needs of modern businesses, which not only want versatile and functional office spaces but flexibility, access to premium corporate facilities and services and 24 hour support.

Macro Lynx Sdn Bhd (Macro Lynx) is another example of a business that has evolved to meet the needs of our communities. As more and more people – both individuals and businesses – rely to a greater extent on fast and reliable connectivity and data storage, the company seeks to provide uninterrupted internet access in the Klang Valley and reduced network downtime. It also provides business continuity solutions and cloud storage for businesses.

Lastly, we believe that in choosing to locate IGBIS near the Sierramas and Valencia residential neighbourhoods, we have contributed to enriching the area. Since we opened our doors, we have helped drive up demand for housing within the area and with increased footfall to and from our school, local businesses have also benefitted. In ensuring the safety of our students and teachers, we have worked with the local Sungai Buloh Police Department to enhance security and safety in the neighbourhood and widened the road outside of the school, increasing the number of lanes from 2 to 4. Additionally, school facilities are open to residents of the neighbourhood outside of school hours. These efforts have not only worked to create a lively and safe environment for our school community but have enriched the lives of the local communities around us.

(b) Environmental: Inspiring Communities, Leading by Example

The need to look after our planet has never been more urgent. We believe that our role in driving change lies in our ability to inspire through leading by example and working to educate the communities which we are a part of. It is not enough for people to know that they need to change the way they do things for the sake of our planet, they need to be equipped with the knowledge and tools that allow them to make a difference.

Product and Service Responsibility

We are cognisant of the immense responsibility we have as corporate citizens to ensure that we conduct our business in a manner that is both environmentally and socially responsible. Actions we take today will continue to have a lasting impact for generations to come.

The property development and construction divisions continue to be diligent in employing environmental management strategies and engaging with Green Building Index (GBI) consultants to cultivate and improve our GBI practices. Real estate construction green tools also continue to be used to benchmark all projects, supporting the development of sustainable designs.

New projects undertaken by these divisions also continue to leverage the natural environment and incorporate it into the design where possible. During the design phase of Stonor 3 for example, a conscious decision was made to incorporate large windows to maximise the natural light and ventilation in each home whilst allowing residents to take full advantage of Kuala Lumpur’s stunning skyline. Additionally, to minimise the heat coming into each unit, the windows were specially treated.

Water Conservation

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that IGB works hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

The China Water Group continues to improve the discharged water quality in tier 3 and 4 cities in Eastern China, working to increase total production capacity year on year and contributing to the increasing availability of treated industrial and household waste water back into the river. In 2017, the company’s total capacity was 80,000m3, an increase from 60,000m3 in 2016. We also signed the Zou Cheng plant Build Operate Transfer phase 2 expansion agreement in the year, which when completed will add 15,000 m3 in treatment capacity.

Sustainability Statement
(continued)

In 2017, GTower replaced all existing water taps with low flow rate versions. This resulted in a 3,910m^3 reduction in the volume of water used in the year. Total water used in the year 2017 was 128,596m^3 compared to 132,506m^3 in 2016.

Works to upgrade the toilet flushing systems in MVM and TGM were completed in 2017 and recycled water has started being used for the purposes of flushing toilets. During the year, the malls also carried out an assessment of their water pipes, allowing them to replace any pipes that were found to be leaking. With these initiatives and other ongoing water conservation efforts by both MVM and TGM, the volume of water consumed decreased from 1.2 million cubic metres in 2016 to 1.1 million cubic metres in 2017.

Waste Management

This year, our businesses have leveraged on the national and local recycling campaigns that have been running to educate our employees, tenants and communities about responsible waste management.

At MVM and TGM for example, recycling bins have been placed in all offices while in the malls, they have replaced all common rubbish bins. Additionally, tenants of both malls have been encouraged to recycle packaging materials and increase the use of biodegradable and compostable packaging materials where possible. The volume of waste sent to landfills in 2017 was 4,500 tonnes down from 5,094 tonnes in 2016.

GTower Hotel in Kuala Lumpur has also worked to better segregate their waste so that all recyclable waste is appropriately handled. This year, additional recycle bins have been placed on all floors, encouraging a higher percentage of waste segregation at the source. These efforts have resulted in a reduction in waste sent to landfills as the amount of recycle items collected had increased from 7,060 kg in 2016 to 12,582 kg tonnes in 2017.

Lastly, IGBIS has initiated a waste segregation programme and have placed recycle bins in the field as well as hall areas. The school has also installed water dispensers with in-built filtration systems to replace the use of bottled water, helping us reduce the amount of plastic waste generated. The school has also started efforts to reduce the amount of paper wasted by controlling printing allocations. Each student is allocated a limit on how much they can print each month.

Energy Conservation

Efforts to conserve energy are essential to ensuring the future of our planet. It is the responsibility of every individual and corporate citizen to use energy responsibly and reduce their usage where they can.

Efforts were undertaken at MVM and TGM to reduce energy consumption. The malls continued to replace their existing lighting with more efficient LED lights and reduced the number of chillers they have in operation. In 2018, they will be engaging a contractor to assess their current chillers with the view of optimising their performance thereby enhancing their efficiency and lowering energy consumption.

In 2017, GTower created a live tracking system to help measure the efficiency of their chillers. New, more energy efficient chillers were also installed in the year. These efforts have allowed them to better understand the energy consumption pattern of their chillers and take the necessary steps to improve overall efficiency. In the year, total energy used by the building was reduced by 656,303 KwH.

IGBIS has also taken steps to reduce energy consumption, and has implemented several initiatives. They have started converting some lights to LED lighting, and have worked to ensure that all lights and air conditioning are switched off when not required. These efforts have reduced the school's overall energy consumption from 1,924,885KWh in 2016 to 1,773,662KWh in 2017.

(c) Social: Supporting Our Employees & Communities for a Brighter Future

Health and Safety

Occupational health, safety and environment (OHSE) continues to be important to the Group, as we believe that it forms a critical component in supporting our longevity as a business. As such, we work hard to ensure that we abide by all the necessary health and safety guidelines and regulations and have in place safety and health committees. These committees meet regularly to conduct safety audits and training as well as fire drills and evacuations so that all employees and tenants know what to do in the event of an emergency. We regularly check the safety systems that we have in place and upgrade them as required. Selected employees also go through training to assist in giving first aid to victims, manage and put out small fires and deal with other general crises within the property.

IGBIS, for example, has in place a Health and Safety Committee that initiates, implements and oversees all health and safety policies, ensuring that they are kept up to date and remain effective for our community. Procedures are in place should an evacuation be required and lock down and fire drills are regularly conducted. Various other initiatives are also in place to protect our community, including a lightning detection system for outside areas of the school and "blue air" for monitoring air quality. The school has in place a policy for haze.

Sustainability Statement
(continued)

IGB strives to provide employees with advanced healthcare management so that they can enjoy good mental and physical health. Eligible employees are entitled for blood screening tests conducted through Elements Medical Fitness Sdn Bhd (EMF) while gym memberships are offered to employees at discounted rates. Employees are also encouraged to participate in weekly badminton and futsal activities organised to support a fit and active lifestyle.

Additionally, through EMF, we work to both educate and provide support to our local communities so that they can lead healthy lifestyles. EMF offers integrated wellness programmes and obesity-focused programmes amongst others and organises various activities that people in our communities can take part in, including health talks. They also offer health and fitness assessments and health screenings so that people can keep track of their health and fitness journey.

Human Capital Management

Our employees are our greatest assets. They are not only the face of who we are but are responsible for running our day to day operations and helping us fulfil our goals and objectives. It is therefore important to us that we continue to attract and retain the right people for the Group, drawing from a varied pool of candidates. We believe that a diverse workforce contributes to the quality of discussion, elevating our ability to make decisions in an environment that is not only fast paced but extremely connected and diverse.

We believe in promoting our employees based on merit and skill and do not discriminate based on age, race, religion or gender. We also ensure that all employees are provided with opportunities for meaningful growth and development and offer a variety of internal and external training and development opportunities for them across all levels and roles within the Group. Additionally, we provide competitive salaries and comprehensive benefits packages which include insurance policies, sick leave, access to panel doctors and medical benefits.

We value our employees and work hard to ensure that we provide a work environment where they feel appreciated and valued and are treated professionally and with the utmost respect. We believe in the importance of giving regular feedback and promote an 'open door' policy, providing employees with an avenue to share their opinions on office matters including both concerns and suggestions.

Additionally, to help build rapport among our employees, various activities including social gatherings are planned throughout the year. These include a New Year lunch, Christmas gathering and year end party. We believe that these help our employees get to know one another better outside of the work context, instil a sense of belonging and support a more cohesive and cooperative work environment.

Supporting Communities

IGB believes that a sustainable future is only possible if communities come together and support one another. This belief has driven our various Corporate Social Responsibility (CSR) efforts as we strive to be a responsible corporate citizen and make a lasting and meaningful impact on the communities in which we are involved.

GivingIsGold is IGB's philanthropic arm. It works to advance social change through its online portal in Malaysia, connecting and matching interested donors to selected charity homes. Through GivingIsGold, employees from the G City Club Hotel Sdn Bhd (G City Club Hotel) visited the orphanage Pusat Jagaan Nuri, donated RM1,500 in cash and helped to carry out repair works. Essential household items were also donated including clothes, drying racks and rubber mats. Together with Sonata Vision Sdn Bhd (Sonata Vision), another subsidiary of IGB, they also celebrated Hari Raya with 40 children from the orphanage with a Ramadan buffet dinner held at GTower. Duit Raya was given to all the children at the end of the celebration.

In 2017, Sonata Vision continued to organise monthly events at the View Rooftop Bar to help raise funds to support the HIV community. Approximately RM120,300 was raised and donated across various HIV organisations in Malaysia such as Positive Living Community, Wake KL, Rumah Kasih Pertiwi, Malaysian AIDS Council, Malaysia AIDS Foundation, and PT Foundation. Sonata Vision also made visits to Positive Living Community and PT Foundation, spending time with their residents and garnering a better understanding of their struggles and needs. It is hoped that by doing so, the team from Sonata Vision will be able to better organise future CSR initiatives that are meaningful to the community.

In addition to the activities above, the Group also carried out the following CSR initiatives:

- The Group offered students employment opportunities and mentorship, providing advice, guidance and support to all students who took part.
- EMF continued to help replenish low blood inventories and raise awareness of the importance of blood donation in Malaysia through organising a blood donation drive.
- Sonata Vision's Bread Lounge donated log cakes and fruit cakes for the Christmas parties held at 'Caring with you Dementia Centre' for their patients.

Sustainability Statement
(continued)

5. Looking Ahead

2017 was an exciting year for us as we took the first step needed to streamline our business, putting in place a corporate structure that will allow us to be nimble, versatile and better able to navigate an economic and corporate landscape that has left many of the world's large and established companies floundering.

We believe that with the consolidated structure, we will be better placed to continue to drive sustainable growth, both for our stakeholders today, as well as for generations to come. Moreover, we will also be better able to coordinate sustainability initiatives across the group, allowing for greater consistency and impact.

Moving forward, we will be reviewing our sustainability structure to see what we can do to improve our efforts in terms of initiatives undertaken, monitoring and tracking, as well as reporting. More broadly, we will also be looking to better engage our stakeholders and establish a formal sustainability review process. We continue to believe that as an established player in the market, we are uniquely positioned to make a difference. As we continue to grow, we look to continue to play a part in shaping Malaysia's evolving landscape, sustainably contributing to the growth of our nation, our communities as well as our business.

Statement on Risk Management and Internal Controls

The Board recognises that a sound framework of risk management and internal controls is fundamental to good corporate governance to safeguard shareholders' investment and the assets of the Group.

The Board affirms its overall responsibility for the effective governance, risk management and internal controls systems of the Group. This includes reviewing the risk management framework, processes, responsibilities, assessing the adequacy and integrity of financial, operational, environmental and compliance controls.

Risk Management is not about eliminating all risks; it is about identifying, assessing and responding to risks to achieve the objectives of the Group.

In view of the limitations that are inherent in any internal controls system, a sound system of internal controls could only reduce, but cannot eliminate, the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. It is structured in such a manner that it can only provide reasonable assurance that the likelihood of a significant adverse impact on objectives arising from future event or situation is at a level acceptable to the business through a combination of preventive, detective and corrective measures.

The Statement of Risk Management and Internal Control does not cover associate and joint ventures as the internal control system of these companies are managed by the respective management teams.

IGB Corporation Berhad (IGB Corp) became a major subsidiary of IGB Berhad (formerly known as Goldis Berhad) (IGB) in November 2014. In March 2018, IGB completed the corporate exercise to acquire the remaining shares of IGB Corp which resulted in the delisting of IGB and it becoming our wholly-owned subsidiary.

For the financial year ended 31 December 2017 (FY2017) (during which IGB Corp was still a listed corporation), the Board of IGB had conducted a review on IGB Corp's governance structure and concluded that the Board of IGB can rely on the Board of IGB Corp to perform the risk oversight role.

The Executive Committee (EXCO) of IGB is accountable to the Board for implementing and monitoring the system of risk management and internal controls and for providing assurance to the Board that it has done so. Through regular performance review, the EXCO of IGB believes that the risk management and internal controls systems of the Group are operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group. The EXCO had since been dissolved on 30 March 2018.

RISK MANAGEMENT

The Board recognises its role and responsibilities on effective risk oversight to set the tone and culture towards effective risk management and internal controls. The review process was delegated to the Audit Committee (AC). However, the Board as a whole remains responsible for all the actions of the committee with regards to the execution of the delegated role.

In order to ensure that the risk management and internal controls are embedded into the culture, processes and structure of the Group, the system of risk management and internal controls was articulated with the following key elements.

Policies and Procedures

The Group Risk Management framework and methodology which was established based on the Committee of Sponsoring Organizations (COSO) framework, was approved and adopted by the Board. The framework and methodology has been communicated to the senior management of all the subsidiaries of the Group through on-going training and facilitation from the Group Internal Audit Department (GIAD).

Vision and Mission

Each subsidiary of the Group has its own set of vision and mission statement, which defines the direction and goals of the company as well as the strategies and objectives for achieving the goals. The mission statements had been clearly communicated to all levels of staff of the subsidiaries and are subject to review and update on an annual basis by the top management and the Board of the Group.

Risk Appetite

Each subsidiary of the Group has a set of Risk Analysis Parameters which defines the amount of risk that the subsidiary is willing to seek or accept in pursuit of its value. The Risk Analysis Parameters are set based on the vision and management risk appetite of the company and are measured in terms of likelihood and impact. The parameters are subject to review and updates from time to time in response to the changes in the business environment.

Statement on Risk Management and Internal Controls
(continued)

Risk Assessment and Risk Treatment

There is an on-going process undertaken by management of each subsidiary to identify, assess, prioritise and manage significant risks relevant to the business of the company and the achievement of objectives and strategies. The management is also responsible to implement and monitor the risk management framework in accordance with the strategic vision, mission and overall risk appetite of the company. It involves the assessment of the impact and likelihood of such risks and of the effectiveness of controls in place to manage them. The process includes the enhancement of the system of internal controls when there are changes in the 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.

Key Risk Register

Each subsidiary maintains a register to record its on-going risk assessment and risk management in a structured manner to facilitate monitoring. The Key Risk Register contains details of key risks, risk rating, existing risk treatments (i.e. preventive, detective and corrective measures) as well as planned risk treatments (i.e. Management Action Plan) with the person in-charge and target date of implementation. A copy of the Key Risk Register will be kept by the Group Internal Audit (GIA) for review, monitoring and reporting to the AC.

Risk Reporting and Monitoring

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 and in 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 reports regularly on the management of risks to the IGB Executive Director, whose main role is to assess, on behalf of the Board, the major business risks faced by the Group and the adequacy of internal controls to manage those risks. Emerging risks as a result of changes in the business and external environment are also identified and included in the monitoring process and where necessary, steps are taken to manage the risks. Any significant changes in the business and the external environment which may result in significant risks will be reported to the AC and Board accordingly. The GIAD provides further assurance on the adequacy and effectiveness of 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 the AC.

Letter of Assurance

In addition to the risk management and internal controls systems, on a quarterly basis, letters of assurance are provided by the subsidiaries that are responsible for implementing the processes of risk analysis and internal controls, to assert that the processes are functioning in an effective manner.

Annual Assessment

Annually, subsidiaries are required to perform a review and update on the existing Key Risk Register to ensure the register does not leave out any significant risks that may hinder the company from achieving its objectives and confirming that necessary actions have been or are being taken to manage those risks. The updated Key Risk Register will be further reviewed by the GIA before it is summarised and presented to the AC for deliberation and comment on the adequacy and effectiveness of the Group risk management and internal controls systems.

Strategic Risk Reporting

Strategic risks are emerging high level external risks arising from unexpected adverse changes in the business environment of which its occurrence would result in the destruction (or possibility total elimination) of shareholders' value in the company. It is imperative for management of all subsidiaries to perform analysis to identify the risk of such nature and report to the AC and the Board for deliberation and comment on an annual basis.

Risk Maturity Review

Annually, the GIA will perform risk management process maturity analysis on each subsidiary and report to the AC on the progress of management efforts on embedding risk management and control framework into the culture, processes and structure of the company.

New Investment Risk Analysis

It is imperative for subsidiaries which initiate new investment proposal (e.g. joint venture, new subsidiary, project etc.) to perform risk analysis on the new investment and submit together with all other analysis such as due diligences, SWOT analysis, market research, projection, business plan to the Group Investment Committee for review and approval before submitting to the IGB Executive Director and Board for approval.

Statement on Risk Management and Internal Controls
(continued)

IGB Corp Group Risk Management Processes

IGB Corp has established a risk management framework which includes the roles and responsibilities of each management level in the risk management process, set out the risk appetite and risk tolerance based on measurable parameters for critical risks and outline 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 IGB Corp 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 risk 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 include 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 IGB Corp Board in the implementation of its policies and procedures on risk and internal controls by identifying and assessing the risk faced in its operations. They are also responsible for the design, operation and monitoring of suitable internal controls to mitigate and control these risk. All employees are accountable for operating within these policies. The management has also identified key risk indicators for their respective 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.

IGB Corp GIA function provides further independent assurance on the adequacy and effectiveness of 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 the AC.

KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

Whilst the Board maintained 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.

The main elements in the system of internal control framework include the following:-

Clearly defined lines of responsibility and delegated authority

The Group has an organisational structure which clearly defines the responsibilities and reporting lines including relevant authorisation levels.

Management Meetings

During the FY2017, IGB EXCO met periodically with the Departmental heads of the Group to share information, monitor the progress of various business units, deliberate and decide upon operational matters with the Chief Executive Officer of the respective business unit and to review the business unit financial performance, business development, management and corporate issues.

Budget

The Annual Budgets and revised Budgets are prepared by each operating company in the Group and are submitted to the Board for approval. It provides the Board with comparative information to assess and monitor the performance of the Group.

Internal Audit

The GIAD reports directly to the AC of the Group functionally to preserve the independence of the function. The internal audit work is focused on areas of priority as identified by risk analysis in accordance with its annual audit plan as approved by the AC. GIA also facilitates and evaluates the effectiveness of the governance, risk management and internal control framework and recommends enhancement, where appropriate. The AC receives reports on the GIAD work, findings and is updated regularly on issues that require further follow-up and rectification by management.

Best Practices in Internal Controls

An internal control best practice has been established for key areas and has been distributed to each subsidiary for adoption. Each subsidiary will review and ensure that the internal controls best practices are incorporated into their existing Standard Operating Procedures.

Statement on Risk Management and Internal Controls
(continued)

Information and Communication

The Management Information Systems provide the Board with relevant and timely reports for monitoring the financial performance and the business operation of the Group.

MONITORING

The Board, through the AC, has reviewed the effectiveness of the risk management and internal controls systems of the Group at periodic Board meetings and the risk management and internal controls systems will continue to be reviewed, enhanced and updated in line with changes in the operating environment.

The Board is pleased to report that the risk management framework is functioning within levels appropriate to the Group businesses and there were no material internal controls systems failures nor were there any reported weaknesses which would have resulted in material losses or contingencies for the year under review and up to the date of this statement.

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have performed a limited assurance review on this statement for inclusion in the annual report and have reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material aspect, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

Audit Committee Report

The Board is pleased to issue the following report on the Audit Committee and its activities during the financial year ended 31 December 2017 (FY2017).

The Audit Committee (AC) was established on 6 May 2002 by the Board of Directors (Board) of IGB Berhad (formerly known as Goldis Berhad) (IGB or the Company) to assist the Board in its oversight of the Company's financial reporting and in fulfilling its fiduciary responsibilities relating to internal control. The AC is guided by its Terms of References as set out in the Company's website.

COMPOSITION

The AC comprises the following members:-

- Datuk Tan Kim Leong *(Chairman/Senior Independent Non-Executive Director)*
- Encik Daud Mah Bin Abdullah *(Independent Non-Executive Director)*
- Mr Lee Chaing Huat *(Independent Non-Executive Director)*

MEMBERS AND MEETINGS

Name of Director	Membership Status	Meetings Attended	Percentage of Attendance (%)
Datuk Tan Kim Leong *(Chairman)*	Senior Independent Non-Executive Director	4/4	100
Daud Mah Bin Abdullah	Independent Non-Executive Director	4/4	100
Lee Chaing Huat	Independent Non-Executive Director	4/4	100

The Executive Director, Chief Financial Officer, Group Internal Audit Manager were present by invitation in all meetings. The Secretary to the Committee is the Company Secretary.

SUMMARY OF ACTIVITIES

Financial Reporting and Compliance

The AC had reviewed IGB's unaudited financial results for the 4th quarter of 2016, 1st quarter of 2017, 2nd quarter of 2017 and 3rd quarter of 2017, which were announced via the regulatory information service immediately after the Board's approvals, respectively on 23 February 2017, 25 May 2017, 23 August 2017 and 22 November 2017 and a consolidated financial statement for the financial year ended 31 December 2016 ("FS2016") which was submitted via the regulatory information service on 21 April 2017. The AC concluded that the quarterly financial results and FS2016 presented a true and fair view of the state of affairs of IGB Group and complied with regulatory requirements.

Subsequent to FY2017, the AC considered and reviewed the audited financial statements of the Group for FY2017 ("FS2017"). In reviewing the annual audited financial statements, the AC discussed with the Management and the external auditors the accounting principles and the standards that were applied and their judgement on the items that may affect the financial statements.

The Board is responsible for ensuring the financial statements are drawn up in accordance with the following:

- Provision of the Companies Act 2016;
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- Applicable accounting standards in Malaysia; and
- Other legal and regulatory requirements.

Internal Audit

(a) The AC had reviewed the Group Internal Audit Department (GIAD)'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 implementation of management's action plans on outstanding issues and recommendations were properly addressed and corrected on a timely basis. A total of 11 audit reports (including follow-up audits) were issued by GIAD for the assignments conducted on IGB Group based on the 2017 plan. Findings which were rated as "Improvement Required" were mainly relating to controls weaknesses, compliance shortcomings and documentation anomalies where the Committee has directed Management to rectify and improve control procedures and workflow processes based on the internal auditors' recommendations and suggestion for improvement.

Audit Committee Report
(continued)

(b) The AC had also reviewed and approved the GIAD's audit plan 2018 to ensure adequate scope and coverage of the operational, compliance and internal controls of IGB Group. In planning for the audit of IGB Group, a risk based auditing approach was adopted. The approach emphasised on effective planning and scoping of audit to suit the size and activities of functional areas and to concentrate audit resources on areas that are exposed to operations with a greater degree of risk.

(c) The AC had monitored the corrective actions taken on the outstanding audit issues to ensure all control lapses have been addressed.

(d) The AC had reviewed the AC reports and minutes of AC meetings submitted by IGB Corporation Berhad (IGB Corp), a major subsidiary of IGB on a quarterly basis. GIAD had reviewed the reports and highlighted all key issues raised in the reports to the AC of IGB on a quarterly basis for knowledge and further actions, where necessary.

(e) The AC had also reviewed the governance structure of IGB Corp, a major subsidiary of IGB to determine the robustness and accountability in their commitment to good governance practices pursuant to the Listing Requirements and Code of Corporate Governance. The review consists of assessment of Board structure, duties, internal controls and risk management framework. The AC was satisfied with IGB Corp's governance structure and decided to rely on the Board of IGB Corp, a public listed company with its own independent directors, risk management and internal controls systems to perform the risk oversight role for the financial year.

External Audit

(a) The AC had reviewed PricewaterhouseCoopers PLT (PwC)'s report on the conduct of FS2016 audit, the findings on significant financial accounting and reporting issues together with the findings on internal control system as well as overview of issues found during the interim audit.

(b) The AC had reviewed PwC's audit plan 2017 for IGB Group, encompassing the proposed work blueprint, nature and scope for the year's audit and other examination including the evaluation of internal control system and risk management processes, to the extent performed as part of the external audit.

(c) The AC had also reviewed, in consultation with management, the terms of engagement of the external auditor for the statutory audit of the Group in respect of scope and performance, upon confirmation of their independence and objectivity including non-audit services related to tax consultancy and compliance review.

(d) The AC met with the external auditor twice without the presence of any executive Board members on 23 February 2017 and 22 November 2017. These sessions enabled an open discussion and ensure that the external auditor was not restricted in their scope of audit.

(e) Subsequent to FY2017, the AC carried out a review with PwC, the report of their audit FS2017 of IGB including the key audit matters raised and the accompanying management representation letter and response.

Risk Management

The AC assisted the Board in examining the adequacy and effectiveness of IGB risk management system to ensure that a robust risk management is maintained. Based on periodic updates from management and the annual risk reports presented by the GIAD which shed insight on the areas of risk, likelihood, impact and management action on IGB Group's operating business and functional units, the AC was thus able to keep under review the adequacy and effectiveness of the Group's risk management system as well as their risk portfolio, risk level and risk mitigation strategies.

Related Party transaction (RPT)/Recurrent Related Party Transaction (RRPT)

The AC reviewed significant RRPT entered into by the Group and ensured that proper disclosures were made in accordance with MMLR. The AC was satisfied that all transactions were in the best interest of IGB Group, whereby the terms concluded were fair, reasonable and based on commercial viability, and were therefore not deemed to be detrimental to the interest of minority shareholders and the monitoring procedures to regulate such transactions were appropriate and sufficient.

EMPLOYEES' SHARE OPTION SCHEME

There was no allocation of options during FY2017. The Employees' Share Option Scheme had expired on 19 May 2012.

Audit Committee Report
(continued)

INTERNAL AUDIT FUNCTION

The AC is assisted by the in-house GIAD in discharging its duties and responsibilities. The GIAD function is considered an integral part of the assurance framework and its primary mission is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework of the Group. The purpose, authority and responsibility of the GIAD function as well as the nature of the assurance and consultancy activities provided by the department are articulated in the internal audit charter.

The GIAD reports directly to the Audit Committee who reviews and approves the annual audit plan, financial budget and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors.

During the year, the GIAD conducted various internal audit engagements in accordance with the annual audit plan that is consistent with the goals of the Group. The GIAD evaluates the adequacy and effectiveness of key controls in responding to risks within the organisation, governance, operations and information systems. The GIAD also plays an active advisory role on risk analysis and control consultation.

The total cost incurred in managing the GIAD for the FY2017 was RM468,386.

Reports And Financial Statements

For The Financial Year Ended 31 December 2017

Directors' Report
for the financial year ended 31 December 2017

The Directors are pleased to present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Lei Cheng
Datuk Tan Kim Leong @ Tan Chong Min
Dato' Seri Robert Tan Chung Meng
Daud Mah bin Abdullah @ Mah Siew Whye
Tan Boon Lee
Lee Chaing Huat
Daniel Yong Chen-I
Tan Mei Sian

The names of Directors of subsidiaries are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

PRINCIPAL ACTIVITIES AND CORPORATE INFORMATION

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group mainly consist of property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, provision of engineering services for water treatment plants and related services, 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 Malaysia").

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

Suite 28-03, Level 28, GTower
199 Jalan Tun Razak
50400 Kuala Lumpur

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	431,771	66,577
Attributable to:		
Owners of the parent	215,143	66,577
Non-controlling interests	216,628	-
	431,771	66,577

Directors' Report

for the financial year ended 31 December 2017
(continued)

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year are as follows:

	RM'000
In respect of the financial year ended 31 December 2016:	
A dividend of 2% (based on the issue price of RM1.00) per Redeemable Convertible Cumulative Preference Shares ("RCPS") under the single tier system on 454,822,696 RCPS paid on 14 February 2017	9,096
In respect of the financial year ended 31 December 2017:	
A dividend of 2% (based on the issue price of RM1.00) per RCPS under the single tier system on 453,657,296 RCPS paid on 10 August 2017	9,073
First interim single-tier dividend of 2 sen per ordinary share on 608,543,798 ordinary shares paid on 11 August 2017	12,171
	21,244

On 29 December 2017, the Director declared a dividend of 2% (based on the issue price of RM1.00) per RCPS for the six months period from and including 16 August 2017 up to and including 15 February 2018 in respect of the financial year ended 31 December 2017 under the single tier system amounting to RM9,070,000 that was paid out on 14 February 2018.

RESERVES AND PROVISIONS

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

CHANGE OF NAME

On 20 March 2018, the Company has changed its name from Goldis Berhad to IGB Berhad.

SHARE CAPITAL

During the financial year, the number of ordinary shares of the Company increased from 610,890,683 to 611,474,118 by the allotment of 583,435 ordinary shares arising from the conversion of 1,330,244 RCPS at a conversion price of RM2.28. The said conversion also resulted in the decrease of the number of RCPS from 454,822,696 to 453,492,452.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 25 May 2017, approved the Company's plan to purchase its own shares up to a maximum of 10% of the total number of issued shares of the Company. The Directors of the Company are committed to enhancing 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 did not repurchase its ordinary shares.

As at 31 December 2017, the number of outstanding ordinary shares in issue after the set off of treasury shares is 608,616,098 (2016: 608,032,663) ordinary shares.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments paid as disclosed in Note 9 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 42 to the financial statements.

Directors' Report
for the financial year ended 31 December 2017
(continued)

DIRECTORS' BENEFITS (continued)

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, other than the options over ordinary shares granted by a subsidiary company, IGB Corporation Berhad ("IGB Corp") pursuant to IGB Corp's Executives' Share Option Scheme ("ESOS").

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares, debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			
In the Company	**1.1.2017**	**Additions**	**Disposals**	**31.12.2017**
Tan Lei Cheng				
Direct	8,899,651	-	-	**8,899,651**
Indirect*	3,862,176	-	-	**3,862,176**
Datuk Tan Kim Leong @ Tan Chong Min				
Direct	366,010	-	-	**366,010**
Dato' Seri Robert Tan Chung Meng				
Direct	1,483,509	-	-	**1,483,509**
Indirect*	193,277,776	-	-	**193,277,776**
Tan Boon Lee				
Direct	4,157,380	-	-	**4,157,380**
Daud Mah bin Abdullah @ Mah Siew Whye				
Direct	99,458	-	-	**99,458**
Daniel Yong Chen-I				
Indirect*	803,297	-	-	**803,297**
Tan Mei Sian				
Direct	506,090	-	-	**506,090**

Directors' Report
for the financial year ended 31 December 2017
(continued)

DIRECTORS' INTERESTS (continued)

	Number of Redeemable Convertible Cumulative Preference Shares			
In the Company	**1.1.2017**	**Additions**	**Disposals**	**31.12.2017**
Tan Lei Cheng				
Direct	6,674,738	-	-	**6,674,738**
Indirect*	2,915,613	-	-	**2,915,613**
Datuk Tan Kim Leong @ Tan Chong Min				
Direct	274,507	-	-	**274,507**
Tan Boon Lee				
Direct	3,118,035	-	-	**3,118,035**
Daud Mah bin Abdullah @ Mah Siew Whye				
Direct	76,400	-	-	**76,400**
Tan Mei Sian				
Direct	79,567	-	-	**79,567**
Dato' Seri Robert Tan Chung Meng				
Direct	1,112,631	-	-	**1,112,631**
Indirect*	142,988,143	-	-	**142,988,143**
Daniel Yong Chen-I				
Indirect*	602,472	-	-	**602,472**

In GTower Sdn Bhd	Number of ordinary shares			
(subsidiary)	**1.1.2017**	**Additions**	**Disposals**	**31.12.2017**
Tan Lei Cheng				
Direct	321,429	-	-	**321,429**
Tan Boon Lee				
Direct	428,571	-	-	**428,571**
Tan Mei Sian				
Direct	35,714	-	-	**35,714**

Directors' Report
for the financial year ended 31 December 2017
(continued)

DIRECTORS' INTERESTS (continued)

In IGB Corp (subsidiary)	Number of ordinary shares			
	1.1.2017	**Additions**	**Disposals**	**31.12.2017**
Tan Lei Cheng	-	500,000	-	**500,000**
Datuk Tan Kim Leong @ Tan Chong Min				
Direct	20,000	-	-	**20,000**
Tan Boon Lee				
Direct	1,690,000	-	-	**1,690,000**
Dato' Seri Robert Tan Chung Meng				
Direct	1,000,000	-	-	**1,000,000**
Indirect*	980,291,803	-	-	**980,291,803**

In IGB Corp (subsidiary)	Number of options over ordinary shares**			
	1.1.2017	**Granted**	**Exercised**	**31.12.2017**
Tan Lei Cheng	500,000	-	(500,000)	**-**
Tan Boon Lee	1,500,000	-	-	**1,500,000**
Daniel Yong Chen-I	500,000	-	-	**500,000**
Dato' Seri Robert Tan Chung Meng	2,000,000	-	-	**2,000,000**

In IGB Real Estate Investment Trust (subsidiary)	Number of units			
	1.1.2017	**Additions**	**Disposals**	**31.12.2017**
Tan Lei Cheng				
Direct	1,853,742	-	-	**1,853,742**
Indirect*	345,722	-	-	**345,722**
Datuk Tan Kim Leong @ Tan Chong Min				
Direct	1,600	-	-	**1,600**
Tan Boon Lee				
Direct	1,605,025	100,000	-	**1,705,025**
Daniel Yong Chen–I				
Direct	622,132	-	-	**622,132**
Indirect*	1,080,898	-	-	**1,080,898**
Dato' Seri Robert Tan Chung Meng				
Direct	9,289,081	4,450,000	-	**13,739,081**
Indirect*	1,858,803,880	19,977,933	-	**1,878,781,813**

* Deemed interest pursuant to Section 8 of the Companies Act 2016.

** The options over ordinary shares refers to an Executive Share Option Scheme over IGB Corp shares as disclosed in Note 34(a) to the financial statements. Pursuant to the acquisition of the entire equity interest in IGB Corp (as detailed thereafter), all the Eligible Directors and Executives who had not exercised their options had elected to accept the option price of RM0.12 for each option and were paid on 2 March 2018.

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

Directors' Report
for the financial year ended 31 December 2017
(continued)

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 9 to the financial statements.

INDEMNITY AND INSURANCE COSTS

The Group and Company maintain multiple corporate liability insurance policies for the Directors and principal officers of the Group and Company throughout the financial year, which provides appropriate insurance cover for the Directors and principal officers of the Group and Company. The amount of insurance premium paid by the Group and Company for the financial year ended 31 December 2017 amounted to RM135,160 (2016: RM135,160) and RM35,160 (2016: RM35,160) respectively.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and Company were prepared the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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

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

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

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

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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

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

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

(d) 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 and Company to meet its obligations when they fall due.

(e) At the date of this report, the Directors are 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.

(f) In the opinion of the Directors:

(i) the results of the Group and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) 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 Company for the financial year in which this report is made.

Directors' Report

for the financial year ended 31 December 2017
(continued)

SUBSIDIARIES

Details of subsidiaries are set out in Note 19 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

SIGNIFICANT SUBSEQUENT EVENTS

Acquisition of the entire equity interest in IGB Corp

On 23 February 2017, the Company had propose to acquire the entire equity interest in IGB Corp not already owned by the Company by way of a members' scheme of arrangement pursuant to Section 366 of the Companies Act 2016 ("Proposed Scheme"), at the offer price of RM3.00 per share.

The Proposed Scheme was legally effective upon receiving the Order of the High Court of Malaya which was lodged with the Registrar of Companies Malaysia on 9 January 2018.

On 2 March 2018, the total cash settlement amounting to RM658 million together with issuance of 57,808,634 new ordinary shares and 76,817,705 new Redeemable Convertible Cumulative Preference Shares ("RCCPS") in the Company was made to the shareholders of IGB Corp other than the Company ("Scheme Shareholders"). All the IGB Corp's shares held by Scheme Shareholders had also been transferred to the Company on 2 March 2018.

Following the completion of the Proposed Scheme, IGB Corp became a wholly-owned subsidiary of the Company and IGB Corp was delisted from the official list of Bursa Malaysia on 16 March 2018.

On 20 March 2018, the Company changed its name from Goldis Berhad to IGB Berhad.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 23 April 2018. Signed on behalf of the Board of Directors:

TAN LEI CHENG
DIRECTOR

TAN MEI SIAN
DIRECTOR

Income Statements
for the financial year ended 31 December 2017

	Note	Group		Company	
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Revenue	6	**1,222,250**	1,255,473	**116,804**	120,869
Cost of sales		**(554,658)**	(611,331)	**-**	-
Gross profit		**667,592**	644,142	**116,804**	120,869
Other operating income		**72,930**	180,571	**1,683**	2,324
Administrative expenses		**(189,032)**	(250,610)	**(10,435)**	(24,901)
Other operating expenses		**(36,086)**	(15,759)	**-**	(8,399)
Profit from operations	7	**515,404**	558,344	**108,052**	89,893
Finance income	10	**49,630**	32,130	**127**	169
Finance costs	10	**(103,134)**	(129,804)	**(41,473)**	(43,306)
Share of results of associates		**28,896**	22,743	**-**	-
Share of results of joint ventures		**523**	(505)	**-**	-
Profit before taxation		**491,319**	482,908	**66,706**	46,756
Tax (expense)/credit	11	**(59,548)**	(83,022)	**(129)**	1,399
Profit for the financial year		**431,771**	399,886	**66,577**	48,155
Attributable to:					
Owners of the parent		**215,143**	165,027	**66,577**	48,155
Non-controlling interests		**216,628**	234,859	**-**	-
Profit for the financial year		**431,771**	399,886	**66,577**	48,155
Earnings per share (sen):					
- Basic	12 (a)	**35.36**	27.15		
- Diluted	12 (b)	**26.94**	20.84		

Statements of Comprehensive Income

for the financial year ended 31 December 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the financial year	**431,771**	399,886	**66,577**	48,155
Other comprehensive income/(loss):				
Available-for-sale financial assets				
- net change in fair values	**1,821**	(3,288)	**1,821**	(3,288)
Exchanges differences on translation of foreign operations	**(22,989)**	25,011	**-**	-
Share of other comprehensive income of associates	**(26,986)**	(53,769)	**-**	-
Share of other comprehensive income of joint ventures	**(465)**	2,403	**-**	-
Items that may be subsequently reclassified to profit or loss	**(48,619)**	(29,643)	**1,821**	(3,288)
Total comprehensive income for the financial year	**383,152**	370,243	**68,398**	44,867
Attributable to:				
Owners of the parent	**183,023**	137,976	**68,398**	44,867
Non-controlling interests	**200,129**	232,267	**-**	-
Total comprehensive income for the financial year	**383,152**	370,243	**68,398**	44,867

Statements of Financial Position
as at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	13	**1,633,541**	1,705,020	**104**	168
Inventories	14	**286,576**	252,906	**-**	-
Investment properties	15	**2,931,959**	2,725,284	**-**	-
Long term prepaid lease	16	**395**	422	**-**	-
Intangible assets	17	**17,899**	14,418	**-**	-
Biological assets	18	**-**	102	**-**	-
Subsidiaries	19	**-**	-	**2,523,139**	2,521,285
Associates	20	**464,658**	467,248	**-**	-
Joint ventures	21	**382,813**	385,360	**-**	-
Available-for-sale financial assets	22	**53,088**	29,644	**53,088**	29,644
Concession receivables	23	**104,979**	100,302	**-**	-
Deferred tax assets	24	**27,559**	12,796	**-**	-
Prepayment	27	**1,516**	-	**-**	-
		5,904,983	5,693,502	**2,576,331**	2,551,097
CURRENT ASSETS					
Inventories	14	**590,700**	513,609	**-**	-
Financial assets at fair value through profit or loss	25	**1,782**	17,778	**1,520**	10,152
Concession receivables	23	**4,061**	3,313	**-**	-
Amounts owing from subsidiaries	38	**-**	-	**356**	178
Amounts owing from associates	26	**42,869**	41,480	**-**	-
Amounts owing from joint ventures	26	**45,997**	25,472	**-**	-
Receivables and contract assets	27	**198,894**	207,574	**1,762**	24
Tax recoverable		**18,158**	24,206	**1,683**	2,209
Cash held under Housing Development Accounts	28	**26,020**	87,700	**-**	-
Deposits, cash and bank balances	28	**1,561,873**	963,599	**11,351**	3,106
		2,490,354	1,884,731	**16,672**	15,669
Asset classified as held-for-sale	29	**-**	708,025	**-**	-
		2,490,354	2,592,756	**16,672**	15,669
TOTAL ASSETS		**8,395,337**	8,286,258	**2,593,003**	2,566,766

Statements of Financial Position

as at 31 December 2017

(continued)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	30	**645,030**	610,891	**645,030**	610,891
Share premium	31	**-**	32,809	**-**	32,809
Treasury shares	32	**(5,722)**	(5,722)	**(5,722)**	(5,722)
Redeemable Convertible Cumulative Preference Shares	30	**365,847**	366,921	**365,847**	366,921
Other reserves	34	**27,273**	59,658	**(1,182)**	(3,003)
Retained earnings		**1,678,340**	1,487,329	**601,259**	546,947
		2,710,768	2,551,886	**1,605,232**	1,548,843
Non-controlling interests	19	**1,322,847**	1,299,380	**-**	-
TOTAL EQUITY		**4,033,615**	3,851,266	**1,605,232**	1,548,843
LIABILITIES					
NON-CURRENT LIABILITIES					
Payables and contract liabilities	35	**95,327**	90,129	**-**	-
Deferred tax liabilities	24	**143,195**	174,257	**693**	1,462
Redeemable Convertible Cumulative Preference Shares	33	**31,746**	49,004	**31,746**	49,004
Hire-purchase and finance lease payables	36	**-**	33	**-**	-
Interest bearing bank borrowings	37	**2,856,048**	2,654,236	**927,800**	920,100
		3,126,316	2,967,659	**960,239**	970,566
CURRENT LIABILITIES					
Payables and contract liabilities	35	**575,657**	745,187	**2,110**	17,428
Amounts owing to subsidiaries	38	**-**	-	**7,171**	14,837
Amount owing to associates	26	**4**	4	**-**	-
Current tax liabilities		**92,831**	107,561	**-**	-
Redeemable Convertible Cumulative Preference Shares	33	**17,096**	15,092	**17,096**	15,092
Hire-purchase and finance lease payables	36	**-**	47	**-**	-
Interest bearing bank borrowings	37	**549,818**	599,442	**1,155**	-
		1,235,406	1,467,333	**27,532**	47,357
TOTAL LIABILITIES		**4,361,722**	4,434,992	**987,771**	1,017,923
TOTAL EQUITY AND LIABILITIES		**8,395,337**	8,286,258	**2,593,003**	2,566,766

Consolidated Statement of Changes in Equity
for the financial year ended 31 December 2017

Group	Note	Share capital (Note 30) RM'000	Share premium (Note 31) RM'000	Treasury shares (Note 32) RM'000	Redeemable Convertible Cumulative Preference Shares (Note 30) RM'000	Other reserves (Note 34) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the parent								
2017										
At 1 January 2017		**610,891**	**32,809**	**(5,722)**	**366,921**	**59,658**	**1,487,329**	**2,551,886**	**1,299,380**	**3,851,266**
Transfer of share premium under Companies Act 2016*	30	**32,809**	**(32,809)**	-	-	-	-	-	-	-
Comprehensive income										
Profit for the financial year		-	-	-	-	-	**215,143**	**215,143**	**216,628**	**431,771**
Other comprehensive income		-	-	-	-	**(32,120)**	-	**(32,120)**	**(16,499)**	**(48,619)**
Total comprehensive income for the financial year		-	-	-	-	**(32,120)**	**215,143**	**183,023**	**200,129**	**383,152**
Transactions with owners										
Conversion of Redeemable Convertible Cumulative Preference Shares into ordinary shares		**1,330**	-	-	**(1,074)**	-	**(94)**	**162**	-	**162**
Dividends to ordinary shareholders	39	-	-	-	-	-	**(12,171)**	**(12,171)**	-	**(12,171)**
Dividends to non-controlling interests		-	-	-	-	-	-	-	**(200,134)**	**(200,134)**
Changes in ownership interests in subsidiaries that do not result in a loss of control		-	-	-	-	**(265)**	**(11,867)**	**(12,132)**	**23,472**	**11,340**
Total transactions with owners		**1,330**	-	-	**(1,074)**	**(265)**	**(24,132)**	**(24,141)**	**(176,662)**	**(200,803)**
At 31 December 2017		**645,030**	-	**(5,722)**	**365,847**	**27,273**	**1,678,340**	**2,710,768**	**1,322,847**	**4,033,615**

* With the Companies Act 2016 coming into effect on 31 January 2017, the credit standing in the share premium of RM32,809,000, has been transferred to the share capital account.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2017

(continued)

Group	Note	Share capital (Note 30)	Share premium (Note 31)	Treasury shares (Note 32)	Redeemable Convertible Cumulative Preference Shares (Note 30)	Other reserves (Note 34)	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the parent								
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016										
At 1 January 2016		610,494	32,340	(5,722)	367,650	86,709	1,346,410	2,437,881	1,248,004	3,685,885
Comprehensive income										
Profit for the financial year		-	-	-	-	-	165,027	165,027	234,859	399,886
Other comprehensive income		-	-	-	-	(27,051)	-	(27,051)	(2,592)	(29,643)
Total comprehensive income for the financial year		-	-	-	-	(27,051)	165,027	137,976	232,267	370,243
Transactions with owners										
Conversion of Redeemable Convertible Cumulative Preference Shares into ordinary shares		397	469	-	(729)	-	-	137	-	137
Dividends to ordinary shareholders	39	-	-	-	-	-	(12,156)	(12,156)	-	(12,156)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(190,333)	(190,333)
Changes in ownership interests in subsidiaries that do not result in a loss of control		-	-	-	-	-	(11,952)	(11,952)	9,442	(2,510)
Total transactions with owners		397	469	-	(729)	-	(24,108)	(23,971)	(180,891)	(204,862)
At 31 December 2016		610,891	32,809	(5,722)	366,921	59,658	1,487,329	2,551,886	1,299,380	3,851,266

Company Statement of Changes in Equity

for the financial year ended 31 December 2017

Company	Note	Share capital (Note 30) RM'000	Share premium (Note 31) RM'000	Treasury shares (Note 32) RM'000	Redeemable Convertible Cumulative Preference Shares (Note 30) RM'000	Other reserve (Note 34) RM'000	Retained earnings RM'000	Total RM'000
2017								
At 1 January 2017		**610,891**	**32,809**	**(5,722)**	**366,921**	**(3,003)**	**546,947**	**1,548,843**
Transfer of share premium under Companies Act 2016*	30	**32,809**	**(32,809)**	-	-	-	-	-
Comprehensive income								
Profit for the financial year		-	-	-	-	-	**66,577**	**66,577**
Other comprehensive income		-	-	-	-	**1,821**	-	**1,821**
Total comprehensive income for the financial year		-	-	-	-	**1,821**	**66,577**	**68,398**
Transactions with owners								
Conversion of Redeemable Convertible Cumulative Preference Shares into ordinary shares		**1,330**	-	-	**(1,074)**	-	**(94)**	**162**
Dividends to ordinary shareholders	39	-	-	-	-	-	**(12,171)**	**(12,171)**
Total transactions with owners		**1,330**	-	-	**(1,074)**	-	**(12,265)**	**(12,009)**
At 31 December 2017		**645,030**	-	**(5,722)**	**365,847**	**(1,182)**	**601,259**	**1,605,232**

* With the Companies Act 2016 coming into effect on 31 January 2017, the credit standing in the share premium of RM32,809,000, has been transferred to the share capital account.

Company Statement of Changes in Equity

for the financial year ended 31 December 2017

(continued)

Company	Note	Share capital (Note 30) RM'000	Share premium (Note 31) RM'000	Treasury shares (Note 32) RM'000	Redeemable Convertible Cumulative Preference Shares (Note 30) RM'000	Other reserve (Note 34) RM'000	Retained earnings RM'000	Total RM'000
2016								
At 1 January 2016		610,494	32,340	(5,722)	367,650	285	510,948	1,515,995
Comprehensive income								
Profit for the financial year		-	-	-	-	-	48,155	48,155
Other comprehensive income		-	-	-	-	(3,288)	-	(3,288)
Total comprehensive income for the financial year		-	-	-	-	(3,288)	48,155	44,867
Transactions with owners								
Conversion of Redeemable Convertible Cumulative Preference Shares into ordinary shares		397	469	-	(729)	-	-	137
Dividends to ordinary shareholders	39	-	-	-	-	-	(12,156)	(12,156)
Total transactions with owners		397	469	-	(729)	-	(12,156)	(12,019)
At 31 December 2016		610,891	32,809	(5,722)	366,921	(3,003)	546,947	1,548,843

Statements of Cash Flows
for the financial year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
OPERATING ACTIVITIES					
Cash receipts from customers		**1,167,838**	1,228,279	**-**	-
Cash paid to suppliers and employees		**(633,262)**	(601,140)	**(28,550)**	(9,821)
Cash flows from/(used in) operations		**534,576**	627,139	**(28,550)**	(9,821)
Dividends received		**-**	-	**114,101**	117,651
Interests received		**-**	-	**127**	169
Interests paid		**(147,075)**	(137,751)	**(36,664)**	(39,211)
Income taxes refunded		**229**	74	**-**	-
Income taxes paid		**(114,040)**	(118,542)	**(368)**	(966)
Net cash generated from operating activities		**273,690**	370,920	**48,646**	67,822
INVESTING ACTIVITIES					
Additional investment in:					
- available-for-sale financial assets	22	**(21,623)**	(13,095)	**(21,623)**	(13,095)
- financial assets at fair value through profit or loss		**-**	(1,522)	**-**	(1,522)
Additions in:					
- investment properties	15	**(275,211)**	(253,530)	**-**	-
- land held for property development	14(a)	**(2,966)**	(7,677)	**-**	-
- biological assets	18	**-**	(10)	**-**	-
- intangible assets	17	**(139)**	(161)	**-**	-
Proceeds from disposal of:					
- assets classified as held-for-sales		**607,000**	195,000	**-**	-
- financial assets at fair value through profit or loss		**16,979**	5,490	**9,615**	3,227
- associate		**-**	546	**-**	-
Proceeds from redemption of preference shares in associates		**4,500**	6,500	**-**	-
Property, plant and equipment:					
- additions		**(28,110)**	(67,599)	**(25)**	(6)
- disposals		**945**	165,148	**-**	2
Advances to subsidiaries:					
- advances		**-**	-	**(23,898)**	(8,650)
- repayments		**-**	-	**26,464**	9,024
Advances to associates and joint ventures:					
- advances		**(18,414)**	(9,731)	**-**	-
Deposit released with licensed bank		**-**	534,088	**-**	-
Interest received		**44,946**	28,365	**-**	-
Dividend received from associates		**167**	1,891	**-**	-

Statements of Cash Flows

for the financial year ended 31 December 2017
(continued)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
INVESTING ACTIVITIES (continued)					
Capital repayment to non-controlling interests of a subsidiary		**-**	(2,494)	**-**	-
Subscription of additional shares in associates		**-**	(1,168)	**-**	-
Capital repayment from an associate		**-**	1,240	**-**	-
Deposits held with trustee		**(33,963)**	(8,793)	**-**	-
Deposits released from trustee		**30,383**	-	**-**	-
Movement of fixed deposits with maturity more than 3 months		**(251,404)**	-	**-**	-
Net cash generated from/(used in) investing activities		**73,090**	572,488	**(9,467)**	(11,020)
FINANCING ACTIVITIES					
Acquisition of additional interest in a subsidiary from non-controlling interests		**(600)**	(15)	**(600)**	-
Dividend paid to:					
- non-controlling interests		**(190,215)**	(180,688)	**-**	-
- ordinary shareholders	39	**(12,171)**	(12,156)	**(12,171)**	(12,156)
- holders of RCPS	39	**(18,169)**	(18,222)	**(18,169)**	(18,222)
Repayments of borrowings		**(1,354,212)**	(630,758)	**-**	(36,500)
Proceeds from borrowings		**1,518,835**	332,505	**7,700**	-
Payments of hire-purchase and finance lease liabilities		**(80)**	(44)	**-**	-
Issuance of new shares to non-controlling interest		**11,940**	-	**-**	-
Advances from subsidiaries:					
- advances		**-**	-	**630**	2,690
- repayments		**-**	-	**(8,324)**	(2,060)
Net cash used in financing activities		**(44,672)**	(509,378)	**(30,934)**	(66,248)
Net increase/(decrease) in cash and cash equivalents during the financial year		**302,108**	434,030	**8,245**	(9,446)
Currency translation differences		**(20,498)**	1,943	**-**	-
Cash and cash equivalents at beginning of the financial year		**1,012,025**	576,052	**2,806**	12,252
Cash and cash equivalents at end of the financial year	28	**1,293,635**	**1,012,025**	**11,051**	**2,806**

Statement of Cash Flows
for the financial year ended 31 December 2017
(continued)

The reconciliation of liabilities arising from financing activities is as follow:-

	Borrowings RM'000	Redeemable Convertible Cumulative Preference Shares RM'000	Total RM'000
Group			
2017			
At 1 January 2017	3,253,678	64,096	3,317,774
Cash flows:			
Interest paid	(147,075)	-	(147,075)
Proceeds from borrowings	1,518,835	-	1,518,835
Settlement from borrowings	(1,354,212)	-	(1,354,212)
Dividend paid	-	(18,169)	(18,169)
Non-cash changes:			
Gain on extinguishment of loan	(11,843)	-	(11,843)
Interest charged during the financial year	150,710	3,074	153,784
Conversion to ordinary shares	-	(159)	(159)
Translation differences	(4,227)	-	(4,227)
At 31 December 2017	3,405,866	48,842	3,454,708
Company			
2017			
At 1 January 2017	920,100	64,096	984,196
Cash flows:			
Interest paid	(36,664)	-	(36,664)
Proceeds from borrowings	7,700	-	7,700
Dividend paid	-	(18,169)	(18,169)
Non-cash changes:			
Interest charged during the financial year	37,819	3,074	40,893
Conversion to ordinary shares	-	(159)	(159)
At 31 December 2017	928,955	48,842	977,797

Summary of Significant Accounting Policies
for the financial year ended 31 December 2017

A 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 2016 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 3.

(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 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: Amendment to MFRS 12 'Disclosures of Interests in Other Entities'

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities, which has been disclosed in Statements of Cash Flows. Other than that, 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.

(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

A number of new standards and amendments to standards and interpretations are effective for financial year beginning on or after 1 January 2018 which are applicable to the Group and the Company as set out below:

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

- Amendments to MFRS 140 'Classification on 'Change in Use' – Assets transferred to, or from, Investment Properties' clarify that to transfer to, or from investment properties there must be a change in use.

- IC interpretation 22 'Foreign Currency Transactions and Advance Consideration' applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

A 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 (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning on or after 1 January 2018 which are applicable to the Group and the Company as set out below: (continued)

(i) Financial year beginning on or after 1 January 2018 (continued)

- MFRS 9 'Financial Instruments' will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

  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.

(ii) 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.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' (effective from 1 January 2019) clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

  In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments shall be applied retrospectively.

Based on the Group's initial assessment, the adoption of these standards and amendments, effective for financial year beginning on or after 1 January 2018 will not have a material impact on the financial statements of the Group and Company in the year of initial application except for the adoption of the amendments of MFRS 128 'Long-term Interests in Associates and Joint Ventures' where the group will assess its long-term interests in associates and joint ventures using the expected credit loss method as prescribed in MFRS 9 'Financial Instruments'.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

B 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 statements (see Note E 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.

Intercompany 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.

(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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

B CONSOLIDATION (continued)

(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.

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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

B CONSOLIDATION (continued)

(e) Associates (continued)

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) Investments 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 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.

C 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 R 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.

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:

Buildings, including hotel properties	25 to 100 years
Leasehold land	50 to 99 years
Plant and machinery	5 to 10 years
Furniture, fixtures, fittings and equipment	3 to 10 years
Motor vehicles	5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

C PROPERTY, PLANT AND EQUIPMENT (continued)

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 G 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.

D 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 R 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 G 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, both held for long term rental yields or for capital appreciation or both, 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:

Retail property	33 to 99 years
Commercial property – Leasehold property	10 to 99 years
Commercial property – Freehold property	10 to 50 years

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.

E INTANGIBLE ASSETS

(a) 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.

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 G 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

E INTANGIBLE ASSETS (continued)

(b) Research and development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(ii) management intends to complete the intangible asset and use or sell it;
(iii) there is an ability to use or sell the intangible asset;
(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

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

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight line basis over its useful life, not exceeding 5 years.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable (see Note G on impairment of non-financial assets).

(c) Licenses

Acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated losses. Amortisation is calculated using the straight line method to allocate the cost of the acquired licenses over their estimated useful lives of 10 to 50 years.

F BIOLOGICAL ASSETS

Biological assets represents live fishes (i.e. fry and matured fish) and broodstocks (i.e. mother fish).

Live fishes are measured at fair value less cost to sell, based on market prices of livestock of similar age, breed and genetic merit with adjustments, where necessary, to reflect the differences. The costs to sell include the incremental selling costs, including fees and commission paid to dealers. Changes in fair value of livestock are recognised in the income statement. Live fishes below 4.5 inches are measured at cost less impairment losses as the fair value cannot be measured reliably. Cost capitalized as part of biological assets includes cost of purchase plus transportation charges (if any), feed and medication, direct labour cost and direct overheads.

In measuring the fair value of live fishes, various management estimates and judgement are required. Estimates and judgements in determining the fair value of live fishes relate to the market prices, average length or weight and quality of the live fishes and mortality rates.

Broodstocks are measured at its cost less accumulated depreciation and impairment losses as the quoted market prices are not available and for which alternative estimates of fair value measurements are determined to be clearly unreliable. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell.

All costs incurred on immature broodstocks are capitalized until such time when the broodstocks commence breeding at the estimated age of 36 months. Costs incurred on immature broodstocks consist of the acquisition cost of the mother fico, cost of feeds and medication, direct labour cost and an appropriate proportion of farm operating overheads.

Broodstocks are fishes held for reproduction purpose, not intended for sale and classified as non-current asset. The costs of broodstocks are amortised over the expected reproductive live span of the respective fish for 5 years.

Gains and losses on disposal of broodstocks are determined by comparing disposal proceeds with carrying amounts and are recognised in profit or loss in the year of the disposal.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

G 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 to sell 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 group 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 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.

H FINANCIAL INSTRUMENTS

(a) Financial assets

<u>Classification</u>

The Group and the Company 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 when acquired.

(i) <u>Financial assets at fair value through profit or loss</u>

The Group and the Company classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, e.g. 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) <u>Loans and receivables</u>

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.

The Group and the Company's loans and receivables comprise 'trade and other receivables' and 'cash and bank balances' in the statement of financial position (Notes 27 and 28).

<u>Concession receivables</u>

Upon adoption of IC Interpretation 12 'Service Concession Arrangements', the Group recognises a financial asset arising from a service concession arrangement when the operator has an unconditional right to receive cash or another financial asset from the grantor in remuneration for concession services. Such financial assets are recognised in the statement of financial position, for the amount of the fair value of the infrastructure at initial recognition and subsequently at amortised cost.

The operator has such an unconditional right if the grantor contractually guarantees the payment of amounts specified or determined in the contract or the shortfall, if any, between amounts received and amounts specified or determined in the contract even if payment is contingent on the operator ensuring that the infrastructure meets specified quality or efficiency requirements.

An impairment loss is recognised if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate. The portion falling due within one year is included in current assets, while the portion falling due more than one year after the end of the reporting period is presented in the non-current assets.

(iii) <u>Available-for-sale financial assets</u>

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 period.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

H FINANCIAL INSTRUMENTS (continued)

(a) Financial assets (continued)

Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Subsequent measurement – Gains and Losses

Available-for-sale assets and financial assets at fair value through profit or loss are subsequently carries at fair value. Loans and receivables financial asset are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the change arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note H(d)) and foreign exchange gains and losses on monetary assets (Note H(c)).

(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.

(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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

H FINANCIAL INSTRUMENTS (continued)

(b) Financial liabilities (continued)

(ii) Financial guarantee contracts (continued)

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 the 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.

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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

H FINANCIAL INSTRUMENTS (continued)

(c) Impairment of financial assets (continued)

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.

(d) De-recognition

Financial aseets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership.

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

(e) 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.

(f) 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 assets and 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.

(g) 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.

I SERVICE CONCESSION ARRANGEMENTS

A portion of the Group's assets are within the framework of concession contracts granted by the government ("the grantor"). In order to fall within the scope of concession contract, a contract must satisfy the following two criteria:

- The grantor controls or regulates what services the operator must provide with the infrastructure assets, to whom it must provide them, and at what price; and
- The grantor controls the significant residual interest in the infrastructure assets at the end of the term of the arrangement.

Such infrastructure assets are not recognised by the Group as property, plant and equipment but as financial assets as described in Note H(a).

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

I SERVICE CONCESSION ARRANGEMENTS (continued)

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction and operating services. Financial assets are accounted for in accordance with the accounting policy set out in Note H(a).

The Group recognises revenue from construction and operation of infrastructure assets in accordance with its revenue recognition policy set out in Note V.

J 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.

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.

K 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.

L 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 H(c) on impairment of financial assets).

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

M INVENTORIES

(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 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.

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, land enhancement costs, 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 property development costs is subsequently recognised as an expense in income statements when or as the control of the asset is transferred to the customer.

Property development costs for which work has been undertaken and development activities are expected to be completed within the Group's normal operating cycle, is classified as current asset.

(e) Other inventories

Cost is determined using the first-in, first-out method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

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

N 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

N CONSTRUCTION CONTRACTS (continued)

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).

O 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.

P 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 R on borrowings and borrowing costs and Note Z 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.

(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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

P SHARE CAPITAL (continued)

(e) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

(i) the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and

(ii) 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:

(i) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

(ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Q 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.

R 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.

(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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

S 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.

T 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 employee 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

T EMPLOYEE BENEFITS (continued)

(b) Defined contribution plans (continued)

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

<u>Employee options</u>

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.

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.

U 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.

Summary of Significant Accounting Policies
for the financial year ended 31 December 2017
(continued)

V REVENUE/INCOME 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.

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

(i) Hotel room rental and food and beverages revenue

Room rental revenue is accrued on over time 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) Revenue from property development, comprising residential and commercial properties and construction contract

Property development, comprising residential and commercial properties are specifically identified by its plot, lot or parcel number as set out in the sale and purchase agreement.

Property development contract with customers may include multiple performance obligations as the property development may not be highly integrated. Therefore, the transaction price will be allocated to each performance obligation based on the standalone selling price or based on the expected cost plus margin.

Revenue from property development, comprising residential and commercial properties are 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. Revenue from property development is recognised over time when control of the asset is transferred over time when Group's performance:

- creates and enhances an asset that the customer controls as the property development is being performed; 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.

When 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. Revenue from property development is recognised at a point in time when the Group determine that it is probable that it will collect the consideration to which it will be entitled under the sale and purchase agreement.

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).

Revenue from construction contracts, which are highly integrated, are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation based on the inputs to the satisfaction of the performance obligation

(iii) Rendering of services and management fees

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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

V REVENUE/INCOME RECOGNITION (continued)

(a) Revenue from contracts with customers (continued)

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

(iv) 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.

(v) Revenue from concession arrangement

The revenue from rendering of waste water treatment services set out in the concession arrangement is recognised over the 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.

The revenue from construction of the waste water treatment plant is recognised over the period of the construction as control of the asset transfers over time as the asset created has no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

(vi) Others

Revenue from delivering services on a time basis or as a fixed-price contract, with contract term is recognised in the period the services are provided, using a straight-line basis over the term of the contract.

Revenue is allocated to each performance obligation is based upon the relative fair value of the various elements. The fair value of each element is determined based on the current market price of each of the elements when sold separately. The revenue relating to the goods is recognised when the customer accepts the goods which occurs on delivery.

(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) Dividend income

Dividend income is recognised when the right to receive payment is established.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

W 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'.

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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2017

(continued)

W FOREIGN CURRENCIES (continued)

(c) Group companies (continued)

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: (continued)

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.

(d) 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.

Summary of Significant Accounting Policies
for the financial year ended 31 December 2017
(continued)

X DEFERRED REVENUE

Deferred revenue represents unearned revenue from web-site maintenance contracts, leasing and car park operations which will be recognised in profit or loss upon expiry, utilisation or performance of services.

Y 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.

Z 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 2017

1 GENERAL INFORMATION

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group mainly consist of property investment and management, owner and operator of malls, hotel operations, property development, construction, information and communication technology services, provision of engineering services for water treatment plants and related services, education, investment holding and management of real estate investment trust.

2 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, price 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 amounts owing to subsidiaries, advances to associates, advances to joint ventures, deposits with licensed banks and borrowings denominated in Great Britain Pound ("GBP"), Australian Dollar ("AUD") and United States Dollar ("USD"). 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 2017, the Group's and the Company's GBP, AUD and USD denominated net monetary assets/(liabilities) are as tabled below together with the effects to the Group and the Company profit before tax, had these GBP, AUD and USD strengthened by 10% (2016: 10%) against RM as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Net monetary assets/(liabilities) denominated in		
- GBP	**70,150**	51,962
- AUD	**61,643**	62,096
- USD	**(1,115)**	13,043
Increase/(Decrease) to profit before tax if the currency had strengthened by 10% (2016: 10%)		
- GBP	**7,015**	5,196
- AUD	**6,164**	6,210
- USD	**(112)**	1,304

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued)

	Company	
	2017	**2016**
	RM'000	**RM'000**
Net monetary assets denominated in		
- USD	**183**	541
Increase to profit before tax if the currency had strengthened by 10% (2016: 10%)		
- USD	**18**	54

A 10% (2016: 10%) weakening of RM against the above currencies at 31 December 2017 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 2017, hence sensitivity analysis is not presented.

(ii) Cash flow interest rate risk

The Group's and Company's cash flow interest rate risk arises from floating rate term loans, Medium Term Notes and revolving credits.

The information on maturity dates and effective interest rates of these borrowings is disclosed in Note 37.

The Group's and 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 Company's profit after tax arising from changes in COF of the lenders by 25 (2016: 25) basis points arising from the Group's and Company's floating rate term loan and revolving credits with all other variables being held constant, would be as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
(Increase)/Decrease of profit after tax		
- increase by 25 (2016: 25) basis points	**(3,295)**	(3,475)
- decrease by 25 (2016: 25) basis points	**3,295**	3,475

	Company	
	2017	**2016**
	RM'000	**RM'000**
(Increase)/Decrease of profit after tax		
- increase by 25 (2016: 25) basis points	**(2,320)**	(2,300)
- decrease by 25 (2016: 25) basis points	**2,320**	2,300

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

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 activities

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 – commercial and retail

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 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 are 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	
	2017	**2016**
	RM'000	**RM'000**
Corporate guarantees provided to banks on subsidiaries' facilities	**40,480**	41,271

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk (continued)

Credit risk arising from deposits with licensed banks (continued)

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.

(c) Price risk

The Group and Company is exposed to debt and equity securities price risk because of investments held by the Group and Company and classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investment in debt and equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. Thus, the exposure of price risk of the Group and Company is minimal.

The Group's investments in the debt and equity securities are listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), Singapore Stock Exchange, and Euronext Paris.

(d) Liquidity and cash flow risks

The Group and the Company actively manage 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 and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group and the Company 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.

As at 31 December 2017, the Group held cash and cash equivalents of RM1,293,635,000 (2016: RM1,012,025,000) 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	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2017						
Payables and contract liabilities (excluding deferred revenue, output tax and contract liabilities)	35	**530,525**	**43,759**	**32,387**	**19,181**	**625,852**
Interest bearing bank borrowings		**683,348**	**171,170**	**1,133,458**	**1,920,145**	**3,908,121**
Amount owing to associates	26	**4**	**-**	**-**	**-**	**4**
		1,213,877	**214,929**	**1,165,845**	**1,939,326**	**4,533,977**

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity and cash flow risks (continued)

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: (continued)

	Note	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2016						
Payables and contract liabilities (excluding deferred revenue, output tax and contract liabilities)	35	720,439	40,769	41,014	8,346	810,568
Interest bearing bank borrowings		743,405	225,628	1,347,158	1,375,607	3,691,798
Hire-purchase and finance lease payables	36	49	35	-	-	84
Amounts owing to associates	26	4	-	-	-	4
		1,463,897	266,432	1,388,172	1,383,953	4,502,454
Company						
2017						
Payables and contract liabilities (excluding deferred revenue, output tax and contract liabilities)	35	**2,110**	**-**	**-**	**-**	**2,110**
Interest bearing bank borrowings		**38,318**	**38,318**	**959,714**	**-**	**1,036,350**
Amounts owing to subsidiaries		**7,171**	**-**	**-**	**-**	**7,171**
Corporate guarantees provided to banks on subsidiaries' facilities		**40,480**	**-**	**-**	**-**	**40,480**
		88,079	**38,318**	**959,714**	**-**	**1,086,111**
2016						
Payables and contract liabilities (excluding deferred revenue, output tax and contract liabilities)	35	17,404	-	-	-	17,404
Interest bearing bank borrowings		37,540	37,540	37,540	951,366	1,063,986
Amounts owing to subsidiaries		14,837	-	-	-	14,837
Corporate guarantees provided to banks on subsidiaries' facilities		41,271	-	-	-	41,271
		111,052	37,540	37,540	951,366	1,137,498

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) 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.

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 deposit, cash and bank balances. Total equity is as shown in the statement of financial position.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as interest bearing net debt divided by total equity. Interest bearing liabilities is calculated as total interest bearing bank borrowings, hire-purchase and finance lease payables and Redeemable Convertible Cumulative Preference Shares (including short term and long term borrowings) as shown in the statement of financial position.

The consolidated debts of the Group included a Medium Term Notes (2016: long term loan) taken by IGB Real Estate Investment Trust ("REIT") of RM1.21 billion (2016: RM1.23 billion), which is secured against its investment properties and cash flow generated from the investment properties and without recourse to the Group. In view of that, the Group also monitors an adjusted gearing ratio that exclude the IGB REIT's Medium Term Notes (2016: long term loan).

The gearing ratios were as follows:

	2017 RM'000	2016 RM'000
Group		
Interest bearing liabilities	**3,454,708**	3,317,854
Less: Deposits, cash and bank balances (including cash held under Housing Development Accounts)	**(1,587,893)**	(1,051,299)
Interest bearing net debts	**1,866,815**	2,266,555
Total equity	**4,033,615**	3,851,266
Gearing ratio	**0.46 : 1.00**	0.59 : 1.00
Adjusted interest bearing net debts	**653,150**	1,029,326
Adjusted gearing ratio	**0.16 : 1.00**	0.27 : 1.00
Company		
Interest bearing liabilities	**977,797**	984,196
Less: Deposits, cash and bank balances	**(11,351)**	(3,106)
Interest bearing net debts	**966,446**	981,090
Total equity	**1,605,232**	1,548,843
Gearing ratio	**0.60 : 1.00**	0.63 : 1.00

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Financial instruments by category

Group	Available-for-sale RM'000	Assets at fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
2017				
Assets as per statement of financial position				
Non-current				
Available-for-sale financial assets	53,088	-	-	53,088
Concession receivables	-	-	104,979	104,979
Current				
Financial assets at fair value through profit or loss	-	1,782	-	1,782
Concession receivables	-	-	4,061	4,061
Amounts owing from associates and joint ventures	-	-	88,866	88,866
Receivables and contract assets (excluding prepayments, input tax and contract assets)	-	-	161,507	161,507
Cash held under Housing Development Accounts	-	-	26,020	26,020
Deposits, cash and bank balances	-	-	1,561,873	1,561,873
Total	53,088	1,782	1,947,306	2,002,176

Group	Other financial liabilities at amortised cost RM'000	Total RM'000
2017		
Liabilities as per statement of financial position		
Non-current		
Payables and contract liabilities	95,327	95,327
Interest bearing bank borrowings	2,856,048	2,856,048
Redeemable Convertible Cumulative Preference Shares	31,746	31,746
Current		
Payables and contract liabilities (excluding deferred revenue, output tax and contract liabilities)	530,525	530,525
Interest bearing bank borrowings	549,818	549,818
Amounts owing to associates	4	4
Redeemable Convertible Cumulative Preference Shares	17,096	17,096
Total	4,080,564	4,080,564

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Financial instruments by category (continued)

Group	Available-for-sale RM'000	Assets at fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
2016				
Assets as per statement of financial position				
Non-current				
Available-for-sale financial assets	29,644	-	-	29,644
Concession receivables	-	-	100,302	100,302
Current				
Financial assets at fair value through profit or loss	-	17,778	-	17,778
Concession receivables	-	-	3,313	3,313
Amounts owing from associates and joint ventures	-	-	66,952	66,952
Receivables and contract assets (excluding prepayments, input tax and contract assets)	-	-	154,850	154,850
Cash held under Housing Development Accounts	-	-	87,700	87,700
Deposits, cash and bank balances	-	-	963,599	963,599
Total	29,644	17,778	1,376,716	1,424,138

Group	Other financial liabilities at amortised cost RM'000	Total RM'000
2016		
Liabilities as per statement of financial position		
Non-current		
Payables and contract liabilities	90,129	90,129
Hire-purchase and finance lease payables	33	33
Interest bearing bank borrowings	2,654,236	2,654,236
Redeemable Convertible Cumulative Preference Shares	49,004	49,004
Current		
Payables and contract liabilities (excluding deferred revenue, output tax and contract liabilities)	720,439	720,439
Hire-purchase and finance lease payables	47	47
Interest bearing bank borrowings	599,442	599,442
Amounts owing to associates	4	4
Redeemable Convertible Cumulative Preference Shares	15,092	15,092
Total	4,128,426	4,128,426

Notes to the Financial Statements
for the financial year ended 31 December 2017
(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Financial instruments by category (continued)

Company	Available-for-sale RM'000	Assets at fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
2017				
Assets as per statement of financial position				
Non-current				
Available-for-sale financial assets	53,088	-	-	53,088
Current				
Financial assets at fair value through profit or loss	-	1,520	-	1,520
Amounts owing from subsidiaries	-	-	356	356
Receivables and contract assets (excluding prepayments and input tax)	-	-	25	25
Deposits, cash and bank balances	-	-	11,351	11,351
Total	53,088	1,520	11,732	66,340

	Other financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position		
Non-current		
Interest bearing bank borrowings	927,800	927,800
Redeemable Convertible Cumulative Preference Shares	31,746	31,746
Current		
Payables and contract liabilities (excluding output tax)	2,110	2,110
Amounts owing to subsidiaries	7,171	7,171
Redeemable Convertible Cumulative Preference Shares	17,096	17,096
Interest bearing bank borrowings	1,155	1,155
Total	987,078	987,078

Notes to the Financial Statements
for the financial year ended 31 December 2017
(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Financial instruments by category (continued)

Company	Available-for-sale RM'000	Assets at fair value through profit or loss RM'000	Loans and receivables RM'000	Total RM'000
2016				
Assets as per statement of financial position				
Non-current				
Available-for-sale financial assets	29,644	-	-	29,644
Current				
Financial assets at fair value through profit or loss	-	10,152	-	10,152
Amounts owing from subsidiaries	-	-	178	178
Receivables and contract assets (excluding prepayments)	-	-	23	23
Deposits, cash and bank balances	-	-	3,106	3,106
Total	29,644	10,152	3,307	43,103

	Other financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per statement of financial position		
Non-current		
Interest bearing bank borrowings	920,100	920,100
Redeemable Convertible Cumulative Preference Shares	49,004	49,004
Current		
Payables and contract liabilities (excluding output tax)	17,404	17,404
Amounts owing to subsidiaries	14,837	14,837
Redeemable Convertible Cumulative Preference Shares	15,092	15,092
Total	1,016,437	1,016,437

Notes to the Financial Statements
for the financial year ended 31 December 2017
(continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(g) Fair values

The carrying amounts of financial assets and liabilities such as deposits, 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	
	2017	**2016**
	RM'000	**RM'000**
Level 1		
Financial assets at fair value through profit or loss		
- trading securities	**1,782**	17,778
Level 2		
Available-for-sale financial assets		
- equity securities	**53,088**	29,644
	54,870	47,422

	Company	
	2017	**2016**
	RM'000	**RM'000**
Level 1		
Financial assets at fair value through profit or loss		
- trading securities	**1,520**	10,152
Level 2		
Available-for-sale financial assets		
- equity securities	**53,088**	29,644
	54,608	39,796

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

3 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) Valuation of property development inventories

Property development inventories (including land held for property development) are carried at the lower of cost or net realisable value estimated at the expected selling price less costs to sell.

Property development projects are long term in nature, hence judgement is required in assessing net realisable value particularly in:

- assessing the valuation of property development inventories where independent valuations are performed by independent valuers;
- estimating the budgeted cost to complete the property development for which inherent uncertainties may arise from estimating future costs which are impacted by changes in material prices and exchange rates; and
- estimating forecast selling prices.

Changes in these estimates can significantly affect the valuation of these inventories

During the financial year, there is no material writedown of property development inventories recorded in the financial statement of the Group.

(b) Valuation of investment properties and hotel properties

The Group performs a valuation assessment of its investment properties and hotel properties whenever circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. Hence judgement is required in assessing the fair values and its value in use particularly for:

- assessing the methodology used in the fair value calculations undertaken by valuers;
- assessing the market inputs used in the assessment of fair values based on the market approach; and
- assessing the inputs and assumptions used in the value-in-use calculations.

Changes to any of these assumptions to the methodology, market inputs or inputs and assumptions would affect the amount of impairment.

During the financial year, there is no material impairment recorded in the financial statements of the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

4 SEGMENT REPORTING

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.

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:

(a)	Property investment – retail	- rental income and service charge from retail
(b)	Property investment – commercial	- rental income and service charge from office building
(c)	Property development	- development and sale of condominiums, bungalows, linked houses, shoplots and office suites and project management services
(d)	Hotel	- income from hotel operations
(e)	Construction	- civil and building construction

Other operations of the Group mainly comprise investment holding, sale of utilities, education services, waste water treatment services, information and communication technology and other operations; 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, property development, hotel 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 and deferred tax liabilities and general borrowings as the Group manages these funds through a centralised function.

Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

4 SEGMENT REPORTING (continued)

(a) Analysis by business segment

	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
2017							
Total segment revenue	573,981	197,804	102,326	332,485	319,613	163,531	1,689,740
Inter-segment revenue	(55,714)	(24,595)	-	(8,367)	(319,613)	(59,201)	(467,490)
Revenue from external customers	518,267	173,209	102,326	324,118	-	104,330	1,222,250
Segment results	340,631	72,274	25,722	136,008	(3,460)	(3,120)	568,055
Unallocated corporate expenses							(52,651)
Profit from operations							515,404
Finance income	10,241	4,093	16,002	13,459	61	5,774	49,630
Finance costs	(43,677)	(9,621)	-	(5,444)	-	(44,392)	(103,134)
Share of results of associates	-	3,109	(135)	25,575	-	347	28,896
Share of results of joint ventures	-	-	(41)	564	-	-	523
Profit before taxation							491,319
Taxation	(46,961)	(18,539)	(1,282)	11,163	(1,148)	(2,781)	(59,548)
Profit for the financial year							431,771
The timing of revenue from contract with customers:							
- Point in time	-	-	62,848	62,012	-	-	124,860
- Over time	61,588	5,389	35,521	261,632	-	104,132	468,262
	61,588	5,389	98,369	323,644	-	104,132	593,122
Other information:							
Assets							
Segment assets	2,306,558	1,691,599	752,936	1,955,255	13,281	423,847	7,143,476
Associates	-	57,318	150,063	235,765	-	21,512	464,658
Joint ventures	-	-	74,346	308,467	-	-	382,813
Unallocated assets							404,390
Total assets							8,395,337
Liabilities							
Segment liabilities	2,089,002	363,844	87,536	212,997	81,603	1,184,669	4,019,651
Unallocated liabilities							342,071
Total liabilities							4,361,722
Incurred for the financial year:							
- Property, plant and equipment	2,525	1,701	882	17,335	3,424	2,243	28,110
- Investment properties	222,988	86,923	-	-	-	554	310,465
- Intangible assets	-	-	-	-	-	139	139
Depreciation:							
- Property, plant and equipment	2,655	14,652	823	58,726	140	8,386	85,382
- Biological assets	-	-	-	-	-	26	26
- Investment properties	27,314	20,196	-	-	-	-	47,510
Amortisation:							
- Intangible assets	-	-	-	-	-	58	58
- Long term prepaid lease	-	-	-	27	-	-	27
Write-off of property, plant and equipment	51	6	-	1,697	-	4	1,758

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

4 SEGMENT REPORTING (continued)

(a) Analysis by business segment (continued)

	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
2016							
Total segment revenue	546,995	195,564	93,551	412,985	237,021	159,441	1,645,557
Inter-segment revenue	(55,626)	(23,696)	-	(9,849)	(237,021)	(63,892)	(390,084)
Revenue from external customers	491,369	171,868	93,551	403,136	-	95,549	1,255,473
Segment results	325,898	83,577	42,621	199,700	(2,872)	(42,071)	606,853
Unallocated corporate expenses							(48,509)
Profit from operations							558,344
Finance income	10,120	1,887	8,119	5,202	5	6,797	32,130
Finance costs	(46,840)	(10,264)	(4,951)	(18,362)	(46)	(49,341)	(129,804)
Share of results of associates	-	2,558	5,382	11,162	-	3,641	22,743
Share of results of joint ventures	-	-	(13)	(492)	-	-	(505)
Profit before taxation							482,908
Taxation	(46,476)	(20,058)	(2,909)	(10,843)	(888)	(1,848)	(83,022)
Profit for the financial year							399,886
The timing of revenue from contract with customers:							
- Point in time	-	-	498	91,485	-	-	91,983
- Over time	56,837	5,663	89,186	310,528	-	95,351	557,565
	56,837	5,663	89,684	402,013	-	95,351	649,548
Other information:							
Assets							
Segment assets	2,018,494	1,562,164	990,213	1,409,082	30,669	425,608	6,436,230
Associates	-	58,683	150,860	236,472	-	21,233	467,248
Joint ventures	-	-	74,880	310,480	-	-	385,360
Asset classified as held-for-sale	-	-	-	708,025	-	-	708,025
Unallocated assets							289,395
Total assets							8,286,258
Liabilities							
Segment liabilities	1,780,359	347,630	74,981	451,494	91,495	1,198,657	3,944,616
Unallocated liabilities							490,376
Total liabilities							4,434,992
Incurred for the financial year:							
- Property, plant and equipment	1,472	2,379	1,673	51,710	2,632	7,733	67,599
- Investment properties	166,354	107,410	-	-	-	-	273,764
- Intangible assets	-	-	-	-	-	161	161
- Biological assets	-	-	-	-	-	10	10
Depreciation:							
- Property, plant and equipment	2,655	15,055	913	73,056	93	10,196	101,968
- Biological assets	-	-	-	-	-	116	116
- Investment properties	28,593	23,405	-	-	-	-	51,998

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

4 SEGMENT REPORTING (continued)

(a) Analysis by business segment (continued)

	Property investment - retail RM'000	Property investment - commercial RM'000	Property development RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
2016							
Amortisation:							
- Intangible assets	-	-	-	-	-	486	486
- Long term prepaid lease	-	-	-	92	-	-	92
Write-off of property, plant and equipment	73	4	72	68	-	2,847	3,064
Impairment loss:							
- Property, plant and equipment	-	-	-	-	-	2,172	2,172

The segmental financial information by geographical segment is not presented as the Group's activities are mainly carried out in Malaysia.

5 CHANGES IN GROUP STRUCTURE

A. Changes in shareholdings of a subsidiary during the financial year

On 13 September 2017, the Group via its subsidiary, IGB Corporation Berhad ("IGB Corp") announced to Bursa Malaysia that Blackfriars Project Management Limited became a joint venture of Verokey Sdn Bhd, a wholly-owned subsidiary of IGB Corp.

The effects of the above dilution was not material to the Group.

B. Members' voluntary winding-up of existing subsidiary companies during the financial year.

(i) On 20 September 2017, the Group via its subsidiary, IGB Corp announced to Bursa Malaysia that both of it dormant wholly-owned subsidiaries, Amandamai Satu Sdn Bhd and Kennyvale Sdn Bhd, which had been placed under members' voluntary winding-up, held their Final General Meeting on 20 September 2017 and were subsequently dissolved on 20 December 2017.

(ii) On 27 November 2017, the Group via its subsidiary, IGB Corp announced to Bursa Malaysia that that its dormant wholly-owned subsidiary, X-Speed Sdn Bhd, which had been placed under members' voluntary winding-up, held its Final General Meeting on 27 November 2017 and shall be dissolved on the expiration of 3 months from the date of lodgement of the Return by Liquidator relating to the Final Meeting on 27 November 2017.

The effects of the above were not material to the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

6 REVENUE

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Lease income:				
- retail malls	**387,419**	368,025	**-**	-
- office buildings	**168,026**	166,514	**-**	-
- rent related	**73,683**	71,386	**-**	-
	629,128	605,925	**-**	-
Contract with customers:-				
- hotel room revenue	**259,029**	307,621	**-**	-
- property development revenue				
- sale of properties	**32,479**	83,411	**-**	-
- sale of land	**62,848**	498	**-**	-
- others	**695**	3,428	**-**	-
- sale of food and beverages	**62,012**	91,485	**-**	-
- rendering of services	**35,411**	34,818	**-**	-
- contract revenue relating to- service concession arrangement	**30,438**	21,182	**-**	-
- car park	**50,046**	50,438	**-**	-
- utilities	**57,332**	52,393	**-**	-
- management services	**-**	-	**2,698**	2,949
- others	**2,832**	4,274	**-**	-
	593,122	649,548	**2,698**	2,949
Dividend income (gross)	**-**	-	**114,101**	117,651
Interest income on advances to subsidiaries	**-**	-	**5**	269
	1,222,250	1,255,473	**116,804**	120,869
Revenue from contract with customers is represented by:				
- Point of time	**124,860**	91,983	**-**	-
- Over time	**468,262**	557,565	**2,698**	2,949
	593,122	649,548	**2,698**	2,949

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

7 PROFIT FROM OPERATIONS

The following items have been charged/(credited) in arriving at profit from operations:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property development costs, land held for property development and costs of completed units sold	**59,777**	50,034	**-**	-
Biological assets: (Note 18)				
- depreciation	**26**	116	**-**	-
- written off	**1**	22	**-**	-
Provision for impairment:				
- receivables and contract assets (Note 27)	**3,779**	501	**450**	-
- amounts owing by subsidiaries	**-**	-	**-**	7,491
- intangible assets (Note 17)	**2,600**	-	**-**	-
- investment in a subsidiary (Note 19)	**-**	-	**-**	908
Amortisation of intangible assets (Note 17)	**58**	486	**-**	-
Depreciation of investment properties (Note 15)	**47,510**	51,998	**-**	-
Amortisation of long term prepaid lease (Note 16)	**27**	92	**-**	-
Auditors' remuneration (statutory audit fees):				
- PricewaterhouseCoopers PLT Malaysia	**1,333**	1,323	**110**	92
- Firm other than member firm of PricewaterhouseCoopers International Limited	**238**	243	**-**	-
Tax and other non-audit related services:				
- PricewaterhouseCoopers PLT Malaysia	**642**	644	**148**	55
- Firm other than member firm of PricewaterhouseCoopers International Limited	**63**	50	**-**	-
Employee benefits cost (Note 8)	**211,032**	245,203	**4,915**	21,514
Property, plant and equipment: (Note 13)				
- depreciation	**85,382**	101,968	**89**	91
- impairment	**-**	2,172	**-**	-
- written off	**1,758**	3,064	**-**	-
Rental expenses:				
- equipment	**291**	1,721	**-**	-
- premises	**855**	1,151	**1,333**	1,333
Utilities	**111,561**	121,072	**39**	41
Quit rent and assessment	**31,831**	34,081	**-**	-

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

7 PROFIT FROM OPERATIONS (continued)

The following items have been charged/(credited) in arriving at profit from operations: (continued)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Foreign exchange loss/(gain) (net):-				
- realised	**94**	(5,241)	**133**	283
- unrealised	**4,404**	4,098	**270**	(2,449)
and crediting:				
Fair value gain/(loss) of financial assets at fair value through profit or loss	**975**	158	**975**	158
Write-back of provision for impairment:				
- receivables and contract assets (Note 27)	**1,328**	-	**-**	-
- amount owing by subsidiaries	**-**	-	**708**	-
Gain on disposal of:				
- property, plant and equipment	**248**	140,068	**-**	-
- assets classified as held-for-sale	**34,041**	-	**-**	-
Advertising and promotional income	**2,250**	3,308	**-**	-
Exhibition business income	**2,012**	2,115	**-**	-
Storage leasing income	**1,986**	2,317	**-**	-

8 EMPLOYEE BENEFITS COST

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries and bonus	**195,879**	212,453	**4,417**	5,117
Defined contribution plan	**20,858**	21,806	**498**	597
Post employment benefits	**-**	15,800	**-**	15,800
	216,737	250,059	**4,915**	21,514
Less: Employee benefits cost capitalised into:				
- research and development	**(140)**	(160)	**-**	-
- property development costs and investment property	**(5,565)**	(4,696)	**-**	-
	211,032	245,203	**4,915**	21,514

The above figures include Director's remuneration as disclosed in Note 9.

Notes to the Financial Statements

for the financial year ended 31 December 2017

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9 DIRECTORS' REMUNERATION

The aggregate amount of emoluments received/receivable by the Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fees	**298**	262	**260**	252
Salaries, bonus and allowances	**21,434**	20,429	**675**	1,740
Defined contribution plan	**2,537**	2,508	**65**	269
Post employment benefits	**-**	15,800	**-**	15,800
Benefits-in-kind	**72**	81	**-**	7
	24,341	39,080	**1,000**	18,068

10 FINANCE INCOME AND COSTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income on:				
- deposits with licensed banks	**42,320**	24,367	**127**	128
- concession receivables	**4,684**	5,973	**-**	-
- late payment from tenants	**650**	772	**-**	-
- others	**1,976**	1,018	**-**	41
Total finance income	**49,630**	32,130	**127**	169
Interest expense on:				
- term loans, revolving credits and Medium Term Notes	**97,874**	125,221	**37,819**	38,940
- Redeemable Convertible Cumulative Preference Shares (Note 33)	**3,074**	4,094	**3,074**	4,094
- others	**2,186**	489	**580**	272
Total finance costs	**103,134**	129,804	**41,473**	43,306
Net finance costs	**53,504**	97,674	**41,346**	43,137

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

11 TAXATION

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax:				
- Malaysian tax	**98,357**	90,018	**898**	(464)
- Foreign tax	**7,257**	18,769	**-**	-
	105,614	108,787	**898**	(464)
Deferred tax	**(46,066)**	(25,765)	**(769)**	(935)
	59,548	83,022	**129**	(1,399)
Current tax:				
Current financial year	**100,587**	113,575	**-**	115
Under/(over) accrual in prior financial year	**5,027**	(4,788)	**898**	(579)
	105,614	108,787	**898**	(464)
Deferred tax: (Note 24)				
Origination and reversal of temporary differences	**(46,066)**	(25,765)	**(769)**	(935)
Tax expense/(credit)	**59,548**	83,022	**129**	(1,399)

The reconciliation between the effective tax rate and the Malaysian tax rate are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Malaysian tax rate	**24**	24	**24**	24
Tax effects of:				
- different tax rates in other countries	*****	(4)	**-**	-
- share of results of associates	**(1)**	(1)	**-**	-
- expenses not deductible for tax-purposes	**6**	8	**18**	38
- income not subject to tax	**(11)**	(9)	**(42)**	(62)
- utilisation of previously unrecognised tax losses and unabsorbed capital allowance	**(2)**	(2)	**-**	-
- current year tax losses and deductible temporary differences not recognised	**3**	2	**-**	-
- under/(over) accrual of taxation in prior financial year	**1**	(1)	**1**	(1)
- effect of changes in manner of recovery	**(8)**	-	**-**	-
- temporary differences arising from Redeemable Convertible Cumulative Preference Shares	*****	*	**(1)**	(2)
Effective tax rate	**12**	17	*****	(3)

* *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 Real Estate Investment Trust ("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 2017

(continued)

12 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per 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 32).

	Group	
	2017	**2016**
Profit attributable to equity holders of the Company (RM'000)	**215,143**	165,027
Weighted average number of ordinary shares in issue ('000)	**608,420**	607,793
Basic earnings per share (sen)	**35.36**	27.15

(b) Diluted earnings per share

For diluted earnings per share of the Group, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares from maximum conversion of Redeemable Convertible Cumulative Preference Shares ("RCPS").

	Group	
	2017	**2016**
Profit attributable to equity holders of the Company (RM'000)	**215,143**	165,027
Add: Interest on RCPS saved as a result of conversion (RM'000)	**3,074**	4,094
Less: Tax relief thereon (RM'000)	**(724)**	(915)
Adjusted earnings (RM'000)	**217,493**	168,206
Weighted average number of ordinary shares in issue ('000)	**608,420**	607,793
Adjustments for potential dilutive ordinary shares on maximum conversion of RCPS ('000)	**198,900**	199,484
Weighted average number of ordinary shares for diluted earnings per share ('000)	**807,320**	807,277
Diluted earnings per share (sen)	**26.94**	20.84

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Hotel properties (Note 13(a))	Buildings	Plant and machinery	Furniture, fixtures, fittings and equipment	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017									
Cost									
At 1 January 2017	114,084	2,397	1,592,985	318,454	35,862	153,479	7,499	23,210	2,247,970
Additions	-	-	17,111	292	376	4,475	467	5,389	28,110
Written off	-	-	(1,659)	-	-	(986)	(3)	-	(2,648)
Disposals	-	-	(745)	(2,076)	(366)	(630)	(374)	-	(4,191)
Transfer to intangible assets (Note 17)	-	-	-	-	-	-	-	(6,000)	(6,000)
Reclassification	-	-	-	-	-	1,725	-	(1,725)	-
Currency translation differences	-	(32)	(6,572)	-	-	(45)	(14)	-	(6,663)
At 31 December 2017	114,084	2,365	1,601,120	316,670	35,872	158,018	7,575	20,874	2,256,578
Accumulated depreciation									
At 1 January 2017	-	690	358,594	35,050	19,041	112,582	6,318	-	532,275
Charge for the financial year	-	51	60,638	6,286	2,148	15,683	576	-	85,382
Written off	-	-	(202)	-	-	(685)	(3)	-	(890)
Disposals	-	-	(707)	(204)	(69)	(44)	(298)	-	(1,322)
Currency translation differences	-	(15)	(879)	-	-	(9)	(8)	-	(911)
At 31 December 2017	-	726	417,444	41,132	21,120	127,527	6,585	-	614,534
Accumulated impairment losses									
At 1 January 2017	275	-	-	4,467	4,438	1,495	-	-	10,675
Disposals	-	-	-	(1,872)	(294)	(6)	-	-	(2,172)
At 31 December 2017	275	-	-	2,595	4,144	1,489	-	-	8,503
Net book value									
At 31 December 2017	113,809	1,639	1,183,676	272,943	10,608	29,002	990	20,874	1,633,541

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land	Leasehold land	Hotel properties (Note 13(a))	Buildings	Plant and machinery	Furniture, fixtures, fittings and equipment	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016									
Cost									
At 1 January 2016	114,084	2,417	2,389,809	318,339	30,350	144,935	9,038	29,440	3,038,412
Additions	-	-	13,756	115	2,595	7,503	288	43,342	67,599
Written off	-	-	(347)	-	(4)	(435)	(152)	(2,733)	(3,671)
Disposals	-	-	(84,083)	-	(119)	(396)	(609)	(255)	(85,462)
Reclassification	-	-	-	-	3,040	1,876	-	(4,916)	-
Transfer to asset held-for-sale (Note 29)	-	-	(728,708)	-	-	-	(1,026)	(41,668)	(771,402)
Currency translation differences	-	(20)	2,558	-	-	(4)	(40)	-	2,494
At 31 December 2016	114,084	2,397	1,592,985	318,454	35,862	153,479	7,499	23,210	2,247,970
Accumulated depreciation									
At 1 January 2016	-	647	420,651	28,846	11,606	94,702	7,140	-	563,592
Charge for the financial year	-	50	74,786	6,204	2,009	18,265	654	-	101,968
Written off	-	-	(281)	-	(1)	(173)	(152)	-	(607)
Disposals	-	-	(47,158)	-	(16)	(210)	(298)	-	(47,682)
Reclassification	-	-	(5,368)	-	5,443	-	(75)	-	-
Transfer to asset held-for-sale (Note 29)	-	-	(81,612)	-	-	-	(929)	-	(82,541)
Currency translation differences	-	(7)	(2,424)	-	-	(2)	(22)	-	(2,455)
At 31 December 2016	-	690	358,594	35,050	19,041	112,582	6,318	-	532,275
Accumulated impairment losses									
At 1 January 2016	275	-	-	2,595	4,144	1,489	-	-	8,503
Charge for the financial year	-	-	-	1,872	294	6	-	-	2,172
At 31 December 2016	275	-	-	4,467	4,438	1,495	-	-	10,675
Net book value									
At 31 December 2016	113,809	1,707	1,234,391	278,937	12,383	39,402	1,181	23,210	1,705,020

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Hotel properties

Group	Freehold land RM'000	Hotel buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Total RM'000
2017					
Cost					
At 1 January 2017	159,490	1,039,566	126,284	267,645	1,592,985
Additions	-	3,219	7,370	6,522	17,111
Written off	-	(1,659)	-	-	(1,659)
Disposals	-	-	-	(745)	(745)
Reclassification	-	6,856	(6,657)	(199)	-
Currency translation differences	(1,386)	(4,526)	(426)	(234)	(6,572)
At 31 December 2017	158,104	1,043,456	126,571	272,989	1,601,120
Accumulated depreciation					
At 1 January 2017	-	81,968	61,407	215,219	358,594
Charge for the financial year	-	22,852	17,707	20,079	60,638
Written off	-	(202)	-	-	(202)
Disposals	-	-	(1)	(706)	(707)
Currency translation differences	-	(617)	(146)	(116)	(879)
At 31 December 2017	-	104,001	78,967	234,476	417,444
Net book value					
At 31 December 2017	158,104	939,455	47,604	38,513	1,183,676

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Hotel properties (continued)

Group	Freehold land RM'000	Hotel buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Total RM'000
2016					
Cost					
At 1 January 2016	317,746	1,601,476	154,626	315,961	2,389,809
Additions	-	3,940	2,242	7,574	13,756
Written off	-	-	(4)	(343)	(347)
Disposals	-	(44,747)	(29,477)	(9,859)	(84,083)
Transfer to asset held-for-sale (Note 27)	(160,000)	(523,456)	-	(45,252)	(728,708)
Currency translation differences	1,744	2,353	(1,103)	(436)	2,558
At 31 December 2016	159,490	1,039,566	126,284	267,645	1,592,985
Accumulated depreciation					
At 1 January 2016	-	134,865	64,411	221,375	420,651
Charge for the financial year	-	29,024	14,115	31,647	74,786
Written off	-	-	-	(281)	(281)
Disposals	-	(22,932)	(16,242)	(7,984)	(47,158)
Reclassification	-	(5,443)	-	75	(5,368)
Transfer to asset held-for-sale (Note 27)	-	(52,435)	-	(29,177)	(81,612)
Currency translation differences	-	(1,111)	(877)	(436)	(2,424)
At 31 December 2016	-	81,968	61,407	215,219	358,594
Net book value					
At 31 December 2016	159,490	957,598	64,877	52,426	1,234,391

	Group 2017 RM'000	Group 2016 RM'000
Net book value of property, plant and equipment pledged as security for borrowings (Note 37)	**266,323**	279,089

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fixtures, fittings and equipment 2017 RM'000	2016 RM'000
Cost		
At 1 January	**919**	962
Additions	**25**	6
Disposals	**-**	(10)
Written off	**-**	(39)
At 31 December	**944**	919
Accumulated depreciation		
At 1 January	**751**	707
Charge for the financial year	**89**	91
Disposals	**-**	(8)
Written off	**-**	(39)
At 31 December	**840**	751
Net book value		
At 31 December	**104**	168

14 INVENTORIES

	Note	Group 2017 RM'000	2016 RM'000
Non-current			
Land held for property development	(a)	**286,576**	252,906
Current			
Property development costs	(b)	**520,600**	433,138
At cost:			
Completed properties	(c)	**67,495**	76,886
Hotel operating supplies		**1,756**	1,763
Raw materials, feed and consumables		**205**	484
Food and beverages supplies		**512**	562
At net realisable value:			
Finished goods		**132**	102
At fair value:			
Biological assets - fish		**-**	674
		590,700	513,609

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

14 INVENTORIES (continued)

(a) Land held for property development

		Group		
	Note	At cost	At net realisable value	Total
		RM'000	RM'000	RM'000
2017				
At 1 January 2017				
Land and development costs		**81,332**	**171,574**	**252,906**
Costs incurred during the financial year:				
Development costs		**1,115**	**1,851**	**2,966**
Disposal during the financial year:				
Land and development costs		**(36,750)**	**(103)**	**(36,853)**
Transfer from property development cost:				
Land and development costs	14(b)	**67,557**	**-**	**67,557**
		31,922	**1,748**	**33,670**
At 31 December 2017		**113,254**	**173,322**	**286,576**
2016				
At 1 January 2016				
Land and development costs		141,900	168,035	309,935
Costs incurred during the financial year:				
Development costs		3,751	3,926	7,677
Disposal during the financial year:				
Land and development costs		-	(387)	(387)
Transfer to investment properties:	15			
Land and development costs		(52,455)	-	(52,455)
Transfer to property development cost:	14(b)			
Land and development costs		(11,864)	-	(11,864)
		(60,568)	3,539	(57,029)
At 31 December 2016		81,332	171,574	252,906

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

14 INVENTORIES (continued)

(b) Property development costs

	Note	Group 2017 RM'000	Group 2016 RM'000
At cost			
At 1 January			
Land and development costs		**438,862**	482,676
Accumulated costs charged to income statements		**(5,724)**	(97,828)
		433,138	384,848
Less:			
- Completed development properties:			
Land and development costs		**-**	(128,324)
Accumulated costs charged to income statements		**-**	128,324
- Transfer to inventories – completed properties	14(c)	**(375)**	(5,720)
Add:			
- Costs incurred during the financial year:			
Land and development costs		**112,272**	78,366
- Transfer from investment properties			
Land and development cost	15	**56,280**	-
- Transfer(to)/from inventories - land held for property development:			
Land and development costs	14(a)	**(67,557)**	11,864
Costs recognised to income statements in current financial year		**(13,158)**	(36,220)
At 31 December		**520,600**	433,138

Property development costs are analysed as follows:

	Note	Group 2017 RM'000	Group 2016 RM'000
At cost			
Land and development costs		**542,507**	438,862
Accumulated costs charged to income statements		**(21,907)**	(5,724)
		520,600	433,138
Land and development costs charged as security for borrowings	37	**207,722**	175,194
Interest cost capitalised as property development costs		**14,715**	8,198
Cost to obtain or fulfill contract recognised as an expense in the income statements in current financial year		**420**	584

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

14 INVENTORIES (continued)

(c) Completed properties

	Note	Group 2017 RM'000	Group 2016 RM'000
At cost			
At 1 January		**76,886**	84,593
Transfer from property development costs	14(b)	**375**	5,720
Disposals during the financial year		**(9,766)**	(13,427)
At 31 December		**67,495**	76,886

15 INVESTMENT PROPERTIES

Group	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
2017					
Cost					
At 1 January 2017	**164,161**	**1,402,379**	**771,023**	**1,114,011**	**3,451,574**
Additions	**3,882**	**-**	**4,076**	**302,507**	**310,465**
Transfer to property development cost (Note 14)	**-**	**-**	**-**	**(56,280)**	**(56,280)**
At 31 December 2017	**168,043**	**1,402,379**	**775,099**	**1,360,238**	**3,705,759**
Accumulated depreciation					
At 1 January 2017	**-**	**487,126**	**239,164**	**-**	**726,290**
Charge for the financial year	**-**	**27,314**	**20,196**	**-**	**47,510**
At 31 December 2017	**-**	**514,440**	**259,360**	**-**	**773,800**
Net book value					
At 31 December 2017	**168,043**	**887,939**	**515,739**	**1,360,238**	**2,931,959**

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

15 INVESTMENT PROPERTIES (continued)

Group	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					
Cost					
At 1 January 2016	-	1,402,379	770,433	952,543	3,125,355
Additions	-	-	590	273,174	273,764
Transfer from inventories					
- land held for property development (Note 14)	52,455	-	-	-	52,455
Reclassification	111,706	-	-	(111,706)	-
At 31 December 2016	164,161	1,402,379	771,023	1,114,011	3,451,574
Accumulated depreciation					
At 1 January 2016	-	458,533	215,759	-	674,292
Charge for the financial year	-	28,593	23,405	-	51,998
At 31 December 2016	-	487,126	239,164	-	726,290
Net book value					
At 31 December 2016	164,161	915,253	531,859	1,114,011	2,725,284

Direct operating expenses from investment properties that generated rental income for the Group during the financial year amounted to approximately RM219,802,000 (2016: RM213,214,000).

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

	Group 2017 RM'000	Group 2016 RM'000
Depreciation of investment properties	**47,510**	51,998
Quit rent and assessment	**22,944**	22,329
Repairs and maintenance	**33,346**	22,490
Staff costs	**42,539**	41,160
Utilities	**45,690**	48,163

	Fair value 2017 RM'000	Fair value 2016 RM'000	Level	Valuation technique
Land held for property development	**183,800**	164,161	3	Market approach
Retail malls	**4,930,000**	4,890,000	3	Income approach
Commercial properties	**1,902,841**	1,885,997	3	Income approach
Total	**7,016,614**	6,940,158		

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

Notes to the Financial Statements

for the financial year ended 31 December 2017

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15 INVESTMENT PROPERTIES (continued)

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 and market approach using Level 3 inputs in the fair value hierarchy of MFRS 13 'Fair Value Measurement'. The fair value of the investment properties based on income approach 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, property taxes, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement initiatives as well as management 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 fair value of the investment properties based on market approach is derived from market evidences of transacted prices per square foot for similar properties in which the values have been adjusted for key attributes such as property size, location and date of transaction.

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	-	comprising percentage rent, advertising income and others;
Outgoings	-	comprising quit rent and assessment, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement expenses 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 investment properties;
Allowance for void	-	refers to allowance provided for vacancy periods, marketing and rent free periods.
Price per square foot ("psf")	-	estimated price psf for which a property should exchange on the date of valuation between a willing buyer and a willing seller.

Investment property with net book value of RM1,203,747,000 (2016: RM991,228,000) have been charged as security for borrowings as disclosed in Note 37.

Included in the Group's investment properties additions during the financial year were interest expense capitalised amounting to RM35,254,000 (2016: RM20,234,000).

16 LONG TERM PREPAID LEASE

	Group	
	2017	**2016**
	RM'000	**RM'000**
Cost		
At 1 January	**658**	9,005
Disposal	**-**	(7,821)
Currency translation differences	**-**	(526)
At 31 December	**658**	658
Accumulated amortisation		
At 1 January	**236**	4,940
Charge for the financial year	**27**	92
Disposal	**-**	(4,497)
Currency translation differences	**-**	(299)
At 31 December	**263**	236
Net book value		
At 31 December	**395**	422

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17 INTANGIBLE ASSETS

Group	Building software development costs	License	Goodwill	Total
	RM'000	RM'000	RM'000	RM'000
2017				
Cost				
At 1 January 2017	**1,392**	**100**	**14,238**	**15,730**
Additions	**139**	**-**	**-**	**139**
Transfer from property, plant and equipment (Note 13)	**-**	**6,000**	**-**	**6,000**
At 31 December 2017	**1,531**	**6,100**	**14,238**	**21,869**
Accumulated amortisation				
At 1 January 2017	**1,231**	**81**	**-**	**1,312**
Charge for the financial year	**48**	**10**	**-**	**58**
At 31 December 2017	**1,279**	**91**	**-**	**1,370**
Accumulated impairment loses				
At 1 January 2017	**-**	**-**	**-**	**-**
Charge for the financial year	**-**	**-**	**2,600**	**2,600**
At 31 December 2017	**-**	**-**	**2,600**	**2,600**
Net book value				
At 31 December 2017	**252**	**6,009**	**11,638**	**17,899**
2016				
Cost				
At 1 January 2016	1,231	100	33,402	34,733
Additions	161	-	-	161
Transfer to assets classified as held-for-sale (Note 29)	-	-	(19,164)	(19,164)
At 31 December 2016	1,392	100	14,238	15,730
Accumulated amortisation				
At 1 January 2016	755	71	-	826
Charge for the financial year	476	10	-	486
At 31 December 2016	1,231	81	-	1,312
Net book value				
At 31 December 2016	161	19	14,238	14,418

The transfer of cost from property, plant and equipment to intangible assets at the end of the financial year ended 31 December 2017 refers to an advertising license granted to a subsidiary of the Group in exchange for services performed.

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

17 INTANGIBLE ASSETS (continued)

Impairment test for 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	
	2017	2016
	RM'000	RM'000
G City Club Hotel Sdn. Bhd. ("GCity")	**11,638**	11,638
Element Medical Fitness Sdn Bhd ("EMF")	**-**	2,600
	11,638	14,238

The Group tests goodwill for impairment annually, or more frequently if there are any indications that impairment may have arisen. Carrying value of EMF was fully impaired during the financial year.

The recoverable amount of GCity's goodwill has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and terminal value cash flows. The growth rate does not exceed the long term average growth rate of GCity.

18 BIOLOGICAL ASSETS

	Group	
	2017	2016
	RM'000	RM'000
Broodstocks		
Cost		
At 1 January	**532**	648
Additions	**-**	10
Disposal	**(528)**	(39)
Written off	**(4)**	(87)
At 31 December	**-**	532
Accumulated depreciation		
At 1 January	**430**	406
Charge for the financial year	**26**	116
Disposal	**(453)**	(27)
Written off	**(3)**	(65)
At 31 December	**-**	430
Net book value		
At 31 December	**-**	102

Notes to the Financial Statements

for the financial year ended 31 December 2017

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19 SUBSIDIARIES

	Company	
	2017	**2016**
	RM'000	**RM'000**
Investment in subsidiaries, at cost		
Quoted ordinary shares	**2,321,167**	2,321,167
Unquoted ordinary shares	**148,328**	147,728
Less: Accumulated impairment losses	**(8,006)**	(8,006)
	2,461,489	2,460,889
Advances to subsidiaries	**61,650**	60,396
Total	**2,523,139**	2,521,285

The advances to subsidiaries refers to amounts of which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in subsidiaries.

The market value of the quoted ordinary shares is at RM2,901,367,737 (2016: RM2,362,262,245).

	Company	
	2017	**2016**
	RM'000	**RM'000**
Movement of impairment loss on investment in subsidiaries:		
At 1 January	**8,006**	7,098
Charge during the year	**-**	908
At 31 December	**8,006**	8,006

Quoted ordinary shares with a carrying value of RM1.26 billion (2016: RM1.26 billion) have been charged as security for borrowings as detailed in Note 37 (a).

Notes to the Financial Statements

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19 SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:

Name	Country of incorporation and place of business	Nature of business	2017 Effective interest held by the group	2017 Effective interest held by non-controlling interest	2016 Effective interest held by the group	2016 Effective interest held by non-controlling interest
			%	%	%	%
* AFMS Solutions Sdn. Bhd.	Malaysia	Research and development of automated facilities management solution system	**100.00**	**-**	80.00	20.00
Elements Integrative Health Sdn. Bhd.	Malaysia	Integrated healthcare and wellness	**100.00**	**-**	100.00	-
GoldChina Sdn. Bhd.	Malaysia	Investment holding	**100.00**	**-**	100.00	-
Goldis Capital Sdn. Bhd.	Malaysia	Dormant	**100.00**	**-**	100.00	-
Goldis Water Sdn. Bhd.	Malaysia	Investment holding	**100.00**	**-**	100.00	-
Goldis Yu Sdn. Bhd.	Malaysia	Provision of money lending services to related companies	**100.00**	**-**	100.00	-
GTower Sdn. Bhd.	Malaysia	Property investment holding	**80.00**	**20.00**	80.00	20.00
G Fish (Asia) Sdn. Bhd.	Malaysia	Aquaculture operations	**96.67**	**3.33**	96.67	3.33
IGB Corporation Berhad	Malaysia	Investment holding and property development	**73.40**	**26.60**	73.43	26.57
Lautan Bumimas Sdn. Bhd.	Malaysia	Aquaculture operations	**51.00**	**49.00**	51.00	49.00
Macro Lynx Sdn. Bhd.	Malaysia	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	**100.00**	**-**	100.00	-

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(continued)

19 SUBSIDIARIES (continued)

Name	Country of incorporation and place of business	Nature of business	2017 Effective interest held by the group	2017 Effective interest held by non-controlling interest	2016 Effective interest held by the group	2016 Effective interest held by non-controlling interest
			%	%	%	%
Multistock Sdn. Bhd.	Malaysia	Investment trading and investment holding	**100.00**	**-**	100.00	-
Steady Paramount Sdn. Bhd.	Malaysia	Property investment holding	**100.00**	**-**	100.00	-
Silver Sanctuary Sdn. Bhd.	Malaysia	Property investment holding	**100.00**	**-**	100.00	-
Triple Hallmark Sdn. Bhd.	Malaysia	Investment holding	**100.00**	**-**	100.00	-
Held by Elements Integrative Health Sdn. Bhd.						
Elements Wellness Sdn. Bhd.	Malaysia	Wellness consultation and health services	**100.00**	**-**	100.00	-
Elements Medical Fitness Sdn. Bhd.	Malaysia	Integrated medical fitness centre and gym	**100.00**	**-**	100.00	-
Elements Nutrients Sdn. Bhd.	Malaysia	Pharmaceutical business and related products	**100.00**	**-**	100.00	-
Held by GoldChina Sdn. Bhd.						
* Crest Spring Pte. Ltd.	Singapore	Investment holding	**100.00**	**-**	100.00	-
Held by Crest Spring Pte Ltd						
* Crest Spring (Shanghai) Co. Ltd.	The People's Republic of China	Provision of engineering services for pure water and waste water treatment plants and related services	**100.00**	**-**	100.00	-
* New Water Co. Ltd.	The People's Republic of China	Concession for management, operations and maintenance of waste water treatment plant	**100.00**	**-**	100.00	-

Notes to the Financial Statements

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19 SUBSIDIARIES (continued)

Name	Country of incorporation and place of business	Nature of business	2017 Effective interest held by the group	2017 Effective interest held by non-controlling interest	2016 Effective interest held by the group	2016 Effective interest held by non-controlling interest
			%	%	%	%
Held by Crest Spring (Shanghai) Co. Ltd.						
* Jiang Su Crest Spring Co. Ltd.	The People's Republic of China	Investment holding and consultancy services in water treatment	**100.00**	**-**	100.00	-
* Yantai Xin Cheng Wastewater Treatment Co. Ltd.	The People's Republic of China	Concession for management, operations and maintenance of waste water treatment plant	**100.00**	**-**	100.00	-
* Lianyungang Ganyu Xin Cheng Sewage Treatment Co. Ltd.	The People's Republic of China	Concession for management, operations and maintenance of waste water treatment plant	**100.00**	**-**	100.00	-
Held by Goldis Water Sdn. Bhd.						
* Goldis Water Pte. Ltd.	Singapore	Investment holding	**100.00**	**-**	100.00	-
Held by Goldis Water Pte. Ltd.						
* ZouCheng XinCheng Waste Water Co. Ltd.	The People's Republic of China	Concession for management, operations and maintenance of waste water treatment plant	**100.00**	**-**	100.00	-
Held by G Fish (Asia) Sdn. Bhd.						
OM3 Fish (Asia) Sdn. Bhd.	Malaysia	Marketing and sale of aquaculture products	**96.67**	**3.33**	96.67	3.33
OM3 Fish Development Sdn. Bhd.	Malaysia	Aquaculture farms development and construction	**96.67**	**3.33**	96.67	3.33
OM3 Fish Services Sdn. Bhd.	Malaysia	Aquaculture operations and provision of management services	**96.67**	**3.33**	96.67	3.33

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19 SUBSIDIARIES (continued)

Name	Country of incorporation and place of business	Nature of business	2017 Effective interest held by the group	2017 Effective interest held by non-controlling interest	2016 Effective interest held by the group	2016 Effective interest held by non-controlling interest
			%	%	%	%
Held by Macro Lynx Sdn. Bhd.						
MVC Fiberlynx Sdn. Bhd.	Malaysia	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	**100.00**	**-**	100.00	-
Mines Fiberlynx Sdn. Bhd.	Malaysia	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	**100.00**	**-**	100.00	-
MLynx Sdn. Bhd.	Malaysia	Provision of broadband internet access services, web enabling services, supply and service of computer and related products	**100.00**	**-**	100.00	-
Held by Triple Hallmark Sdn. Bhd.						
Sonata Vision Sdn. Bhd.	Malaysia	Food and beverage operations	**100.00**	**-**	100.00	-
G City Club Hotel Sdn. Bhd.	Malaysia	Hotel operations	**100.00**	**-**	100.00	-
Held by IGB Corporation Berhad and its subsidiaries						
Abad Flora Sdn. Bhd. [1]	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
Amandamai Dua Sdn. Bhd. [1]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
Amandamai Satu Sdn. Bhd. [1] *(members' voluntary liquidation completed in 2017)*	Malaysia	Property development	**-**	**-**	73.43	26.57
Angkasa Gagah Sdn. Bhd. [1]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57

Notes to the Financial Statements
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19 SUBSIDIARIES (continued)

Name	Country of incorporation and place of business	Nature of business	2017 Effective interest held by the group %	2017 Effective interest held by non-controlling interest %	2016 Effective interest held by the group %	2016 Effective interest held by non-controlling interest %
Held by IGB Corporation Berhad and its subsidiaries (continued)						
Arabayu Sepakat Sdn. Bhd. [1]	Malaysia	Property investment and property development	**73.40**	**26.60**	73.43	26.57
* Asian Equity Limited [2]	British Virgin Islands	Investment holding	**40.37**	**59.63**	40.39	59.61
Atar Deras Sdn. Bhd. [1]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
* Auspicious Prospects Ltd. [3]	Liberia	Investment holding	**73.40**	**26.60**	73.43	26.57
Belimbing Hills Sdn. Bhd. [1]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
* Beswell Limited [4]	Hong Kong	Investment holding	**73.40**	**26.60**	73.43	26.57
Bintang Buana Sdn. Bhd. [1]	Malaysia	Property development	**66.06**	**33.94**	66.09	33.91
Central Review (M) Sdn. Bhd. [1]	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57
Cipta Klasik (M) Sdn. Bhd. [1]	Malaysia	Property development	**51.38**	**48.62**	51.40	48.60
Cititel Hotel Management Sdn. Bhd.	Malaysia	Hotel management services	**44.04**	**55.96**	44.06	55.94
Corpool Holdings Sdn. Bhd.	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
Danau Bidara (M) Sdn. Bhd. [1]	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
Detik Harapan Sdn. Bhd.	Malaysia	Educational institution	**44.04**	**55.96**	44.06	55.94
Dimensi Magnitud Sdn. Bhd.	Malaysia	Property investment	**51.38**	**48.62**	51.40	48.60
Distinctive Ace Sdn. Bhd. [6]	Malaysia	Property investment and property development	**36.70 + 1 share**	**63.30**	36.72 + 1 share	63.28
Earning Edge Sdn. Bhd. [7]	Malaysia	Investment holding	**47.71**	**52.29**	47.73	52.27

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19 SUBSIDIARIES (continued)

Name	Country of incorporation and place of business	Nature of business	2017 Effective interest held by the group	2017 Effective interest held by non-controlling interest	2016 Effective interest held by the group	2016 Effective interest held by non-controlling interest
			%	%	%	%
Held by IGB Corporation Berhad and its subsidiaries (continued)						
Eastwind Alliance Sdn. Bhd. [1]	Malaysia	Property Investment and property development	**73.40**	**26.60**	73.43	26.57
Ensignia Construction Sdn. Bhd.	Malaysia	Building construction	**73.40**	**26.60**	73.43	26.57
Ensignia Southkey City Sdn. Bhd. 8	Malaysia	Building construction	**51.38**	**48.62**	51.40	48.60
Future Pinnacle Sdn. Bhd. [9]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
* Grapevine Investments Pte. Ltd.	Singapore	Investment holding	**73.40**	**26.60**	73.43	26.57
Great Union Properties Sdn. Bhd.	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57
Harta Villa Sdn. Bhd. [1]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
ICDC Holdings Sdn. Bhd.	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
Idaman Spektra Sdn. Bhd.	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
IGB Development Management Services Sdn. Bhd.	Malaysia	Project management services	**73.40**	**26.60**	73.43	26.57
IGB International School Sdn. Bhd.	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
IGB International Ventures Sdn. Bhd.	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
IGB Project Management Services Sdn. Bhd.	Malaysia	Project management services	**73.40**	**26.60**	73.43	26.57
IGB Properties Sdn. Bhd.	Malaysia	Property investment and management	**73.40**	**26.60**	73.43	26.57
IGB REIT Capital Sdn. Bhd. [18]	Malaysia	Special purpose vehicle to raise financing	**38.39**	**61.61**	-	-

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19 SUBSIDIARIES (continued)

Name	Country of incorporation and place of business	Nature of business	2017 Effective interest held by the group	2017 Effective interest held by non-controlling interest	2016 Effective interest held by the group	2016 Effective interest held by non-controlling interest
			%	%	%	%
Held by IGB Corporation Berhad and its subsidiaries (continued)						
IGB REIT Management Sdn. Bhd.	Malaysia	Management of real estate investment trust	**73.40**	**26.60**	73.43	26.57
IGB Real Estate Investment Trust [10]	Malaysia	Real estate investment trust	**38.39**	**61.61**	38.40	61.60
Innovation & Concept Development Co. Sdn. Bhd. [11]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
IST Buillding Products Sdn. Bhd.	Malaysia	Trading of building materials	**73.40**	**26.60**	73.43	26.57
IT&T Engineering & Construction Sdn. Bhd.	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
Kemas Muhibbah Sdn. Bhd. [12]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
Kenny Vale Sdn. Bhd. [1] *(members' voluntary liquidation completed in 2017)*	Malaysia	Property development	-	-	73.43	26.57
Kondoservis Sdn. Bhd. [1]	Malaysia	Management services	**73.40**	**26.60**	73.43	26.57
Lagenda Sutera (M) Sdn. Bhd. [4]	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57
* Lingame Company Limited	Hong Kong	Investment holding	**73.40**	**26.60**	73.43	26.57
Majestic Path Sdn. Bhd. [4]	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
Megan Prestasi Sdn. Bhd.	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
* MiCasa Hotel Limited [13]	Myanmar	Hotelier	**47.71**	**52.29**	47.73	52.27
Mid Valley City Sdn. Bhd.	Malaysia	Management services/ service provider	**73.40**	**26.60**	73.43	26.57
Mid Valley City Developments Sdn. Bhd.	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57

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19 SUBSIDIARIES (continued)

Name	Country of incorporation and place of business	Nature of business	2017 Effective interest held by the group %	2017 Effective interest held by non-controlling interest %	2016 Effective interest held by the group %	2016 Effective interest held by non-controlling interest %
Held by IGB Corporation Berhad and its subsidiaries (continued)						
Mid Valley City Energy Sdn. Bhd.	Malaysia	Selling and distribution of utilities	**73.40**	**26.60**	73.43	26.57
Mid Valley City Enterprise Sdn. Bhd.	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57
Mid Valley City Gardens Sdn. Bhd.	Malaysia	Management services/ service provider	**73.40**	**26.60**	73.43	26.57
Mid Valley City Hotels Sdn. Bhd.	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57
Mid Valley City North Tower Sdn. Bhd.	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
Mid Valley City Property Services Sdn. Bhd. [14]	Malaysia	Building and maintenance services	**73.40**	**26.60**	73.43	26.57
Mid Valley City South Tower Sdn. Bhd.	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
Mid Valley City Southpoint Sdn. Bhd.	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
Murni Properties Sdn. Bhd.	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
MVC Centrepoint North Sdn. Bhd.	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
MVC Centrepoint South Sdn. Bhd.	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
MVC CyberManager Sdn. Bhd.	Malaysia	MSC cybercentre at Mid Valley City	**73.40**	**26.60**	73.43	26.57
MVEC Exhibition and Event Services Sdn. Bhd.	Malaysia	Exhibition services	**73.40**	**26.60**	73.43	26.57
Nova Pesona Sdn. Bhd. [1]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
OPT Ventures Sdn. Bhd. [1]	Malaysia	Property development and investment	**51.38**	**48.62**	51.40	48.60
Outline Avenue (M) Sdn. Bhd. [1]	Malaysia	Property development	**65.77**	**34.23**	65.79	34.21

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19 SUBSIDIARIES (continued)

			2017		2016	
Name	Country of incorporation and place of business	Nature of business	Effective interest held by the group	Effective interest held by non-controlling interest	Effective interest held by the group	Effective interest held by non-controlling interest
			%	%	%	%
Held by IGB Corporation Berhad and its subsidiaries (continued)						
Pacific Land Sdn. Bhd.	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
* Pacific Land Pte. Ltd. [4]	Singapore	Investment holding	**73.40**	**26.60**	73.43	26.57
Pangkor Island Resort Sdn. Bhd.	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57
Pekeliling Land Sdn. Bhd.	Malaysia	Property holding	**73.40**	**26.60**	73.43	26.57
Penang Garden Sdn. Bhd.	Malaysia	Property development and investment	**73.40**	**26.60**	73.43	26.57
Permata Efektif (M) Sdn. Bhd. [1]	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
Plaza Permata Management Services Sdn. Bhd.	Malaysia	Property management services	**73.40**	**26.60**	73.43	26.57
Prima Condominium Sdn. Bhd.	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
Primanah Property Sdn. Bhd.	Malaysia	Property development	**73.40**	**26.60**	73.43	26.57
Puncak Megah (M) Sdn. Bhd.	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
Rapid Alpha Sdn. Bhd.	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57
Reka Handal Sdn. Bhd. [1]	Malaysia	Property development	**55.05**	**44.95**	55.07	44.93
Riraiance Enterprise Sdn. Bhd.	Malaysia	Investment holding	**73.40**	**26.60**	73.43	26.57
Salient Glory City Sdn. Bhd.	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57
Southkey Megamall Sdn. Bhd.	Malaysia	Property investment	**51.38**	**48.62**	51.40	48.60
* St Giles Hotels (Asia) Limited [15]	Labuan	Hotel management services	**44.04**	**55.96**	44.06	55.94
Tanah Permata Sdn. Bhd. [4]	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

19 SUBSIDIARIES (continued)

Name	Country of incorporation and place of business	Nature of business	2017 Effective interest held by the group %	2017 Effective interest held by non-controlling interest %	2016 Effective interest held by the group %	2016 Effective interest held by non-controlling interest %
Held by IGB Corporation Berhad and its subsidiaries (continued)						
Tan & Tan Developments Berhad	Malaysia	Property development, project management services and investment holding	**73.40**	**26.60**	73.43	26.57
Tan & Tan Realty Sdn. Bhd. [1]	Malaysia	Property investment and food court operator	**58.72**	**41.28**	58.74	41.26
* Tank Stream Holdings Pty. Ltd. [16]	Australia	Investment holding	**73.40**	**26.60**	73.43	26.57
The Gardens Theatre Sdn. Bhd.	Malaysia	Lease auditorium space for performing arts	**73.40**	**26.60**	73.43	26.57
TTD Sdn. Bhd. [1]	Malaysia	Hotelier	**73.40**	**26.60**	73.43	26.57
Verokey Sdn. Bhd.	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57
* Wilmer Link Limited [17]	British Virgin Islands	Investment holding	**42.57**	**57.43**	42.59	57.41
X-Speed Sdn. Bhd. *(members' voluntary liquidation)*	Malaysia	Property investment	**73.40**	**26.60**	73.43	26.57

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 Corp, 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 Corp, 19.6% and 80.4% respectively.
17 - Held by IGB International Ventures Sdn. Bhd.
18 - Held by IGB Real Estate Investment Trust via MTrustee Berhad

* Companies audited by firms other than PricewaterhouseCoopers PLT Malaysia.

Notes to the Financial Statements

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19 SUBSIDIARIES (continued)

Summarised financial information on a subsidiary with material non-controlling interest

As at 31 December 2017, the total non-controlling interest is RM1,322,847,000 (2016: RM1,299,380,000), of which RM1,306,942,000 (2016: RM1,282,193,000) is for IGB Corp Group. The total non-controlling interest in respect of other subsidiaries of RM15,905,000 (2016: RM17,187,000) is not material, individually.

Set out below are the summarised financial information of IGB Corp Group, the material non-controlling interest to the group.

(a) Summarised statement of financial position

	IGB Corp Group	
	2017	**2016**
	RM'000	**RM'000**
Current		
Assets	**2,429,617**	2,533,586
Liabilities	**(1,083,824)**	(1,296,417)
Total current net assets	**1,345,793**	1,237,169
Non-current		
Assets	**5,423,754**	5,225,065
Liabilities	**(2,058,760)**	(1,888,839)
Total non-current net assets	**3,364,994**	3,336,226
Net assets	**4,710,787**	4,573,395
Net assets attributable to:		
- equity owners	**4,635,343**	4,481,762

(b) Summarised income statement

	IGB Corp Group	
	2017	**2016**
	RM'000	**RM'000**
Revenue	**1,111,152**	1,150,308
Profit before taxation	**519,619**	534,973
Tax expense	**(52,024)**	(79,920)
Profit for the financial year	**467,595**	455,053
Other comprehensive income	**(46,542)**	(25,145)
Total comprehensive income	**421,053**	429,908
Profit for the financial year allocated to non-controlling interests	**215,257**	236,237
Total comprehensive income allocated to non-controlling interests	**198,758**	233,645
Dividends paid to non-controlling interests	**188,215**	176,288

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(continued)

19 SUBSIDIARIES (continued)

Summarised financial information on a subsidiary with material non-controlling interests (continued)

(c) Summarised cash flows

	IGB Corp Group	
	2017	**2016**
	RM'000	**RM'000**
Cash flows from operating activities		
Cash generated from operations	**528,508**	605,468
Interest paid	**(102,884)**	(90,670)
Income tax paid	**(105,630)**	(111,309)
Income tax refunded	**192**	74
Net cash generated from operating activities	**320,186**	403,563
Net cash generated from investing activities	**86,624**	596,271
Net cash used in financing activities	**112,306**	(543,863)
Net increase in cash and cash equivalents	**294,504**	455,971
Cash and cash equivalents at beginning of the financial year	**984,426**	526,306
Foreign currency exchange differences	**(19,915)**	2,149
Cash and cash equivalents at end of the financial year	**1,259,015**	984,426

The information above is the amount before inter-company eliminations.

20 INVESTMENTS IN ASSOCIATES

	Group	
	2017	**2016**
	RM'000	**RM'000**
At cost		
Unquoted shares in Malaysia	**71,419**	75,919
Unquoted shares outside Malaysia	**25,905**	25,905
Amounts owing by associates	**30,092**	30,092
	127,416	131,916
Group's share of post-acquisition results and reserves	**346,100**	344,190
	473,516	476,106
Less: Accumulated impairment losses	**(8,858)**	(8,858)
At 31 December	**464,658**	467,248

The amounts owing from associates of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investment in the associates.

Set out below are associates of the Group as at 31 December 2017, 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 immaterial to the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

20 INVESTMENTS IN ASSOCIATES (continued)

There are no contingent liabilities relating to the Group's interest in associates.

	Ravencroft Investments Incorporated	New Commercial Investments Limited
	2017	2017
	RM'000	RM'000
Summarised statement of comprehensive income		
Revenue	56,257	9,988
Total expense before interest and taxation	(13,542)	(1,785)
Interest income	7,903	612
Interest expense	(4,495)	(2,199)
Profit before taxation	46,123	6,616
Income tax expense	(7,670)	(1,323)
Net profit for the financial year	38,453	5,293
Other comprehensive income	(46,809)	(823)
Total comprehensive income	(8,356)	4,470
Summarised statement of financial position		
Cash and cash equivalents	236,788	7,613
Other current assets (excluding cash and cash equivalents)	155,942	95,480
Total current assets	392,730	103,093
Other current liabilities (including trade and other payables and provision)	(250,645)	(77,676)
Total current liabilities	(250,645)	(77,676)
Non-current assets	316,628	126,832
Financial liabilities (excluding trade and other payables and provision)	(89,028)	(25,175)
Total non-current liabilities	(89,028)	(25,175)
Net assets	369,685	127,074

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

20 INVESTMENTS IN ASSOCIATES (continued)

	Ravencroft Investments Incorporated	New Commercial Investments Limited
	2016	2016
	RM'000	RM'000
Summarised statement of comprehensive income		
Revenue	55,352	17,476
Total expense before interest and taxation	(46,514)	(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
Other comprehensive income	(75,916)	(11,859)
Total comprehensive income	(74,531)	1,000
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	321,749	123,712
Financial liabilities (excluding trade and other payables and provision)	(89,771)	(25,385)
Total non-current liabilities	(89,771)	(25,385)
Net assets	378,041	122,604

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates is set out below:

	Ravencroft Investments Incorporated		New Commercial Investments Limited	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net assets as at 1 January	**378,041**	452,572	**122,604**	121,604
Foreign exchange differences	**(46,809)**	(75,916)	**(823)**	(11,859)
Net profit for the financial year	**38,453**	1,385	**5,293**	12,859
Net assets as at 31 December	**369,685**	378,041	**127,074**	122,604
Interest in associates (%)	**49.47**	49.47	**49.55**	49.55
Share of net assets/Carrying amount of interest in associates	**182,883**	187,017	**62,965**	60,750

Notes to the Financial Statements

for the financial year ended 31 December 2017

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20 INVESTMENTS IN ASSOCIATES (continued)

Set out below are the financial information of all individual immaterial associates on an aggregate basis:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Carrying amounts of interest in associates	**218,810**	219,481
Share of associate's profit	**7,251**	15,686
Share of associates's other comprehensive income	**(3,422)**	(10,337)

The details of the associates are as follows:

Name	Country of incorporation	Nature of business	Group's effective interest 2017	Group's effective interest 2016
			%	**%**
* Cititel Express Pty Limited [2]	Australia	Investment holding	**28.63**	28.64
* Cititel International Hospitality Limited [3]	Guernsey	Hotelier	**36.33**	36.35
* DMV Sdn. Bhd. [4]	Malaysia	Property development	**28.26**	28.27
* Fawkner Centre Pty. Ltd. [1]	Australia	Property investment	**28.63**	28.64
Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [1] *(members' voluntary liquidation)*	Malaysia	Dormant	**22.02**	22.03
Hampshire Properties Sdn. Bhd. [1]	Malaysia	Property development and property investment	**36.70**	36.72
* Harmony Streams Sdn. Bhd. [5]	Malaysia	Dormant	**36.70**	36.72
* Hilltop International Success Inc [6]	British Virgin Islands	Purchasing/Leasing of aircrafts	**36.33**	36.35
* Hicom Tan & Tan Sdn. Bhd. [1]	Malaysia	Property development	**36.70**	36.72
Johan Kekal Sdn. Bhd. *(members' voluntary liquidation completed in 2017)*	Malaysia	Dormant	**-**	36.72
Jutanis Sdn. Bhd. [1]	Malaysia	Property development	**33.03**	33.04
Kumpulan Sieramas (M) Sdn. Bhd. [1]	Malaysia	Property development	**36.70**	36.72
Kundang Properties Sdn. Bhd.	Malaysia	Property development	**36.70**	36.72
* Merchant Firm Ltd. [3]	British Virgin Islands	Investment holding	**36.33**	36.35
* New Commercial Investments Limited [7]	British Virgin Islands	Investment holding	**36.37**	36.38

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

20 INVESTMENTS IN ASSOCIATES (continued)

Name	Country of incorporation	Nature of business	Group's effective interest 2017	Group's effective interest 2016
			%	%
Orion Corridor Sdn. Bhd. [6]	Malaysia	Leasing of aircrafts	**18.13**	18.14
* Pacific Land Co., Ltd [8]	Thailand	Investment holding	**35.89**	35.91
Permata Alasan (M) Sdn. Bhd. [1]	Malaysia	Property development and property investment	**36.70**	36.72
* Ravencroft Investments Incorporated [9]	British Virgin Islands	Investment holding	**36.31**	36.33
* St Giles Hotel [6]	Republic of Congo	Construction and hotel management	**36.33**	36.35
* St Giles Hotel, Inc [10]	United States of America	Hotelier	**36.33**	36.35
* St Giles Hotel Limited [9]	United Kingdom	Hotelier	**36.33**	36.35
* St Giles Hotel LLC [11]	United States of America	Hotelier	**36.33**	36.35
* St Giles Hotel (Heathrow) Limited [7]	United Kingdom	Hotelier	**36.41**	36.42
* St Giles Hotel (Manila) Inc [6]	Philippines	Hotelier	**36.33**	36.35
* Technoltic Engineering Sdn. Bhd.	Malaysia	Servicing, maintenance and installation of elevators	**29.36**	29.37
* Tentang Emas Sdn. Bhd. [1]	Malaysia	Investment holding	**35.97**	35.98

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 Hotel, Inc

* Companies audited by firms other than PricewaterhouseCoopers PLT Malaysia.

Notes to the Financial Statements

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21 INVESTMENTS IN JOINT VENTURES

	Group	
	2017	**2016**
	RM'000	**RM'000**
At cost		
Unquoted shares outside Malaysia	**65,649**	65,649
Amounts owing by joint venture	**312,312**	314,917
	377,961	380,566
Group's share of post-acquisition results and reserves	**4,852**	4,794
At 31 December	**382,813**	385,360

Set out below are joint ventures of the Group as at 31 December 2017. The investment in joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group.

There are no contingent liabilities relating to the Group's interest in joint ventures.

	Black Pearl Limited	Crystal Property Asia Company Limited	Blackfrairs Project Management Limited
	2017	**2017**	**2017**
	RM'000	**RM'000**	**RM'000**
Summarised statement of comprehensive income			
Other income	**-**	**-**	**8,532**
Administrative expense	**(994)**	**(84)**	**(6,410)**
(Loss)/Profit before taxation	**(994)**	**(84)**	**2,122**
Income tax expense	**-**	**-**	**-**
Net (loss)/profit for the financial year	**(994)**	**(84)**	**2,122**
Other comprehensive income	**89**	**(1,007)**	**(32)**
Total comprehensive income	**(905)**	**(1,091)**	**2,090**
Summarised statement of financial position			
Cash and cash equivalents	**3,312**	**129**	**803**
Other current assets (excluding cash and cash equivalents)	**57,700**	**-**	**2,217**
Total current assets	**61,012**	**129**	**3,020**
Other current liabilities (including trade and other payables and provision)	**(1,272)**	**(385)**	**(1,157)**
Total current liabilities	**(1,272)**	**(385)**	**(1,157)**
Financial liabilities (excluding trade and other payables and provision)	**(694,146)**	**-**	**-**
Total non-current liability	**(694,146)**	**-**	**-**
Non-current assets	**624,625**	**151,983**	**227**
Net (liabilities)/assets	**(9,781)**	**151,727**	**2,090**

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(continued)

21 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)
Net loss for the financial year	(984)	(26)
Other comprehensive income	(1,025)	5,950
Total comprehensive income	(2,009)	5,924
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

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 2017 RM'000	Crystal Property Asia Company Limited 2017 RM'000	Blackfriars Project Management Limited 2017 RM'000	Total 2017 RM'000
Net (liabilities)/assets as at 1 January	**(8,876)**	**152,818**	**-**	**143,942**
Foreign exchange differences	**89**	**(1,007)**	**(32)**	**(950)**
Net (loss)/profit for the financial year	**(994)**	**(84)**	**2,122**	**1,044**
Net (liabilities)/assets as at 31 December	**(9,781)**	**151,727**	**2,090**	**144,036**
Interest in joint ventures (%)	**50.0**	**49.0**	**50.0**	**-**
Share of net (liabilities)/assets	**(4,890)**	**74,346**	**1,045**	**70,501**
Amounts owing to corporate shareholders	**312,312**	**-**	**-**	**312,312**
Carrying amount of interest in joint ventures	**307,422**	**74,346**	**1,045**	**382,813**

Notes to the Financial Statements
for the financial year ended 31 December 2017
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21 INVESTMENTS IN JOINT VENTURES (continued)

Reconciliation of summarised financial information (continued)

	Black Pearl Limited 2016 RM'000	Crystal Property Asia Company Limited 2016 RM'000	Total 2016 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

The details of the joint ventures are as follows:

Name	Country of incorporation	Nature of business	Group's effective interest 2017 %	Group's effective interest 2016 %
* Black Pearl Limited [1]	Guernsey	Property investment	**36.70**	36.72
* Blackfriars Limited [2]	Guernsey	Property investment	**36.70**	36.72
* Blackfriars Project Management Limited [1]	United Kingdom	Management and construction	**36.70**	73.43
* Crystal Property Asia Company Limited [3]	Thailand	Property development and construction	**35.97**	35.98

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 PLT Malaysia.

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22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
At 1 January	**29,644**	17,579	**29,644**	17,529
Additions	**21,623**	13,095	**21,623**	13,095
Net gain/(losses) transfer to equity	**1,821**	(3,288)	**1,821**	(3,288)
Impaired	**-**	(50)	**-**	-
Foreign exchange differences	**-**	2,308	**-**	2,308
At 31 December	**53,088**	29,644	**53,088**	29,644

Available-for-sale financial assets include the following:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares outside Malaysia	**53,088**	29,644	**53,088**	29,644

Available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
USD	**53,088**	29,644	**53,088**	29,644

23 CONCESSION RECEIVABLES

	Group	
	2017	**2016**
	RM'000	**RM'000**
Non-current	**104,979**	100,302
Current	**4,061**	3,313
	109,040	103,615

The Group has entered into service concession arrangements with the government of the People's Republic of China to construct and operate waste water treatment plants for a period ranging from 22 to 25 years. The terms of arrangement allows the Group to maintain and manage these treatment plants and receive consideration based on usage and rates as determined by the grantor for the entire duration of the concession subject to a minimum water volume calculated based on the waste water treatment plants normal capacity.

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23 CONCESSION RECEIVABLES (continued)

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction and operating services.

	Group	
	2017	2016
	RM'000	RM'000
Fair value	**114,233**	109,682

The fair values are based on cash flows discounted based on the discount rate of 4.07% (2016: 4.08%). The fair values are within level 2 of the fair value hierarchy.

24 DEFERRED TAX

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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	**27,559**	12,796	**-**	-
Deferred tax liabilities	**(143,195)**	(174,257)	**(693)**	(1,462)
Deferred tax liabilities (net)	**(115,636)**	(161,461)	**(693)**	(1,462)

The movements in deferred tax assets and liabilities of the Group and Company during the financial year are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	**(161,461)**	(187,294)	**(1,462)**	(2,397)
Credited/(Charged) to statements of comprehensive income				
- property, plant and equipment and investment properties	**79,186**	(1,185)	**10**	16
- inventories				
- property development costs	**261**	(237)	**-**	-
- Redeemable Convertible Cumulative Preference Shares	**727**	919	**727**	919
- unutilised tax losses and unabsorbed capital allowance	**(30,736)**	27,958	**32**	-
- rental received in advance	**6,856**	-	**-**	-
- provisions and others	**(10,228)**	(1,690)	**-**	-
	46,066	25,765	**769**	935
Charged to equity:				
Currency translation difference	**(241)**	68	**-**	-
At 31 December	**(115,636)**	(161,461)	**(693)**	(1,462)

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

24 DEFERRED TAX (continued)

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Subject to income tax:				
Deferred tax assets (before offsetting)				
- property, plant and equipment	**3,392**	1,915	**-**	-
- provisions and others	**13,852**	2,819	**-**	-
- unutilised tax losses and unabsorbed capital allowance	**10,666**	41,402	**32**	-
- rental received in advance	**6,856**	-	**-**	-
	34,766	46,136	**32**	-
Offsetting	**(7,207)**	(33,340)	**(32)**	-
Deferred tax assets (after offsetting)	**27,559**	12,796	**-**	-
Deferred tax liabilities (before offsetting)				
- property, plant and equipment and investment properties	**(122,511)**	(200,220)	**(6)**	(16)
- inventories				
- property development costs	**(261)**	(522)	**-**	-
- Redeemable Convertible Cumulative Preference Shares	**(719)**	(1,446)	**(719)**	(1,446)
- others	**(25,765)**	(4,504)	**-**	-
	(149,256)	(206,692)	**(725)**	(1,462)
Currency translation difference	**(1,146)**	(905)	**-**	-
	(150,402)	(207,597)	**(725)**	(1,462)
Offsetting	**7,207**	33,340	**32**	-
Deferred tax liabilities (after offsetting)	**(143,195)**	(174,257)	**(693)**	(1,462)

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 amounts of deductible temporary differences and unused tax losses (all of which have no expiry) for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Unutilised tax losses	**203,679**	178,033
Deductible temporary differences	**138,957**	148,596
	342,636	326,629
Deferred tax assets not recognised at 24% (2016: 24%)	**82,233**	78,391

Notes to the Financial Statements

for the financial year ended 31 December 2017

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25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Quoted shares/unit trust				
- held for trading in Malaysia	**262**	7,626	**-**	-
Quoted bonds outside Malaysia	**-**	470	**-**	470
Quoted shares outside Malaysia	**1,520**	9,682	**1,520**	9,682
	1,782	17,778	**1,520**	10,152

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.

26 AMOUNTS OWING FROM/(TO) ASSOCIATES AND JOINT VENTURES

	Group	
	2017	**2016**
	RM'000	**RM'000**
Amounts owing from associates	**46,129**	44,740
Less: Allowance for impairment	**(3,260)**	(3,260)
	42,869	41,480
Amounts owing from joint ventures	**45,997**	25,472
Amounts owing to associates	**(4)**	(4)

The amounts owing from associates and joint ventures represent advances which are unsecured, interest free (2016: interest free) and payable on demand, except for an amount owing from associate of RM15,970,000 (2016: RM14,344,000), which carries interest at a rate of 15% (2016: 15%) per annum.

The amounts owing to associates are unsecured, interest free (2016: interest free) and repayable on demand.

Notes to the Financial Statements

for the financial year ended 31 December 2017

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27 RECEIVABLES AND CONTRACT ASSETS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current				
Prepayments	**1,516**	-	-	-
Current				
(A) Trade and other receivables				
Trade receivables	**74,590**	79,091	-	-
Less: Provision for impairment	**(4,873)**	(3,400)	-	-
	69,717	75,691	-	-
Other receivables	**57,160**	48,636	**459**	7
Less: Provision for impairment	**(1,903)**	(1,376)	**(450)**	-
	55,257	47,260	**9**	7
Input tax	**21,594**	13,819	**84**	-
Deposits	**22,389**	22,047	**16**	16
Prepayments	**11,099**	36,780	**1,653**	1
Accrued billing in relation to rental income	**14,144**	9,852	-	-
	194,200	205,449	**1,762**	24
(B) Contract assets in relation to:				
- property development activities	**4,694**	2,125	-	-
Total	**198,894**	207,574	**1,762**	24

The carrying amounts of trade and other receivables as at 31 December 2017 and 31 December 2016 approximated their fair values.

As at 31 December 2017, included in trade receivables is an amount of RM13,375,000 (2016: RM30,641,000) being stakeholder sum for property development.

The remaining contractual billings to customers from property development activities amounted to RM43,674,900 (2016: RM16,194,000) and 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.

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(continued)

27 RECEIVABLES AND CONTRACT ASSETS (continued)

(A) Trade and other receivables

As at 31 December 2017, trade receivables for the Group of RM14,593,000 (2016: RM22,184,000) were past due but not impaired. These 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. The ageing of these trade receivables is as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Trade receivables past due but not impaired:		
Up to 3 months	**12,023**	20,313
Above 3 months	**2,570**	1,871
	14,593	22,184

As at 31 December 2017, trade and other receivables of RM6,776,000 (2016: RM4,776,000) were impaired. The ageing of these receivables was as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Above 6 months	**6,776**	4,776

Movement on the Group's provision for impairment of trade and other receivables were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**4,776**	4,520	**-**	-
Provision for impairment of receivables	**3,779**	501	**450**	-
Receivables written off during the financial year as uncollected	**(451)**	(245)	**-**	-
Unused amounts reversed	**(1,328)**	-	**-**	-
At 31 December	**6,776**	4,776	**450**	-

The creation and reversal of provision for impairment have been included in the income statements. Amounts charged to the provision account are generally written off, when there is no expectation of additional cash recovery. The other classes within receivables and contract assets do not contain impaired assets.

The maximum exposure to credit risk as at 31 December 2017 and 31 December 2016 is the carrying value of each class of receivables mentioned above.

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for the financial year ended 31 December 2017
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27 RECEIVABLES AND CONTRACT ASSETS (continued)

(B) Contract assets

The contract assets and contract liabilities as at 31 December 2017 and 31 December 2016 were not impacted by significant changes in contract terms.

	Group	
	2017	**2016**
	RM'000	**RM'000**
Net carrying amount of contract assets and liabilities is analysed as follows:		
At 1 January		
- contract assets	**2,125**	25,635
- contract liabilities	**-**	(10,033)
	2,125	15,602
Property development revenue recognised during the financial year	**32,479**	83,411
Less: Billings during the financial year	**(41,710)**	(96,888)
At 31 December	**(7,106)**	2,125
At 31 December		
- contract assets	**4,694**	2,125
- contract liabilities (Note 35)	**(11,800)**	-
	(7,106)	2,125

Revenue recognised in the current financial year ended 31 December 2017 for the Group that was included in the contract liability for property development as at 1 January 2017 is Nil (1 January 2016: RM10,033,000).

28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	**1,301,953**	747,714	**11,048**	803
Cash and bank balances	**259,920**	215,885	**303**	2,303
Deposits, cash and bank balances	**1,561,873**	963,599	**11,351**	3,106
Cash held under Housing Development Accounts (Note 28(a))	**26,020**	87,700	**-**	-
Less: Restricted cash (Note 28(b))	**(42,854)**	(39,274)	**(300)**	(300)
Less: Fixed deposit with maturity of more than 3 months	**(251,404)**	-	**-**	-
Cash and cash equivalents	**1,293,635**	1,012,025	**11,051**	2,806

Deposits with licensed banks of the Group and the Company as at 31 December 2017 both have an average maturity period of 71 days (2016: 54 days) and 6 days (2016: 16 days) respectively.

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

28 CASH AND CASH EQUIVALENTS (continued)

The weighted average effective interest rates of deposits with licensed banks as at 31 December were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Deposits with licensed banks:				
RM	**3.66**	3.13	**3.00**	3.01
USD	**1.38**	0.91	**1.23**	-

Bank balances are deposits held at call with licensed banks and earn no interest.

(a) 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 during the financial year were 2% (2016: 2%) per annum.

(b) Restricted cash

Deposits pledged have been placed with licensed banks as securities for certain secured interest bearing bank borrowings of the Group and of the Company (Note 37), and are not available for use by the Group and the Company.

Included in the Group's deposits placed with licensed banks is an amount of RM41,564,000 (2016: RM37,984,000), which is maintained as a Debt Service Reserve Account with a facility agent to cover a minimum of 6 months interest are as follows:-

	Group	
	2017	**2016**
	RM'000	**RM'000**
IGB Real Estate Investment Trust Sdn. Bhd.	**-**	30,383
IGB REIT Capital Sdn. Bhd.	**26,184**	-
Southkey Megamall Sdn. Bhd.	**15,380**	7,601
	41,564	37,984

29 ASSET CLASSIFIED AS HELD-FOR-SALE

The disposal of Cititel Express Kuala Lumpur by the Group's subsidiary, Central Review (M) Sdn. Bhd. was completed in May 2016.

On 15 August 2016, Great Union Properties Sdn. Bhd. entered into a conditional sale and purchase agreement for the disposal of Renaissance Kuala Lumpur Hotel for a cash consideration of RM765.0 million.

Notes to the Financial Statements

for the financial year ended 31 December 2017

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29 ASSET CLASSIFIED AS HELD-FOR-SALE (continued)

As at 31 December 2016, not all conditions precedent have been fulfilled, hence the hotel property and goodwill were reclassified to asset classified as held-for-sale. The sale was subsequently completed on 20 January 2017 for a cash consideration of RM765 million, of which RM158 million was received in prior year for the purposes of term loan repayment. The movements during the financial year relating to asset classified as held-for-sale are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	**708,025**	35,190
Completion of disposal	**(708,025)**	(35,190)
Transfer from property, plant and equipments (Note 13)	**-**	688,861
Transfer from goodwill (Note 17)	**-**	19,164
At 31 December	**-**	708,025

30 SHARE CAPITAL

	Group and company		Group and company	
	2017		2016	
	Number of shares	**Value**	**Number of shares**	**Value**
	'000	**RM'000**	**'000**	**RM'000**
Authorised				
Ordinary shares:				
At the beginning of the financial year	**1,500,000**	**1,500,000**	1,500,000	1,500,000
Abolishment of the concept of authorised share capital on 31 January 2017*	**(1,500,000)**	**(1,500,000)**	-	-
At the end of the financial year	**-**	**-**	1,500,000	1,500,000
Redeemable Convertible Cumulative Preference Shares ("RCPS"):				
At the beginning of the financial year	**1,000,000**	**10,000**	1,000,000	10,000
Abolishment of the concept of authorised share capital on 31 January 2017*	**(1,000,000)**	**(10,000)**	-	-
At the end of the financial year	**-**	**-**	1,000,000	10,000
Issued and fully paid				
Ordinary shares:				
At the beginning of the financial year	**610,891**	**610,891**	610,494	610,494
Transfer from share premium (Note 31)	**-**	**32,809**	-	-
Issued during the financial year	**583**	**1,330**	397	397
At the end of the financial year	**611,474**	**645,030**	610,891	610,891
RCPS:				
At the beginning of the financial year	**454,823**	**366,921**	455,727	367,650
Converted during the financial year	**(1,330)**	**(1,074)**	(904)	(729)
At the end of the financial year	**453,493**	**365,847**	454,823	366,921

* The new Companies Act 2016, which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM32,809,000 becomes part of the Company's share capital pursuant to the Section 618 (2) of Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transferred.

Notes to the Financial Statements

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(continued)

30 SHARE CAPITAL (continued)

During the financial year, the Company also increased its issued and paid-up ordinary share capital by way of conversion of 1,330,244 RCPS into 583,435 ordinary shares at conversion price of RM2.28.

In the last financial year, the Company increased its issued and paid-up ordinary share capital from RM610,494,056 comprising of 610,494,056 ordinary shares to RM610,890,683 by way of conversion of 904,331 RCPS into 396,627 ordinary shares of RM1.00 each at conversion price of RM2.28.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Details of the RCPS issued is set out in Note 33.

Statutory basis, in accordance with Companies Act 2016

	Company		
	Ordinary shares	**RCPS**	**Total**
2017	**RM'000**	**RM'000**	**RM'000**
At the beginning of the financial year	**610,891**	**4,548**	**615,439**
Transferred from share premium	**32,809**	**450,275**	**483,084**
Conversion during the financial year	**1,330**	**(1,330)**	**-**
At the end of the financial year	**645,030**	**453,493**	**1,098,523**

31 SHARE PREMIUM

	Group and Company	
	2017	**2016**
	RM'000	**RM'000**
At the beginning of the financial year	**32,809**	32,340
Transferred to share capital	**(32,809)**	-
Converted from RCPS into ordinary shares	**-**	469
At the end of the financial year	**-**	32,809

Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016, on 31 January 2017 any amount standing to the credit of the Company's share premium account shall become part of the Company's share capital. Subsequently, the Company transferred the amount standing to the credit of its share premium account of RM32,809,000 to become part of the share capital (Note 30).

Notes to the Financial Statements

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32 TREASURY SHARES

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 25 May 2017, approved the Company's plan to purchase its own shares up to a maximum of 10% of total number of issued shares of the Company. The Directors of the Company are committed to enhancing 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 did not repurchased its ordinary shares.

As at 31 December 2017, a total of 2,858,020 (2016: 2,858,020) ordinary shares were held as treasury shares. The cost of treasury shares as at 31 December 2017 and 31 December 2016 is summarised as follows:

	Number of shares	Total consideration paid/cost	Average cost per share
2017/2016		**RM**	**RM**
At 1 January/31 December	2,858,020	5,721,421	2.00

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 and carried at purchase cost. The Company has the right to distribute these shares as dividends to reward shareholders and/or resell the shares. As treasury shares, the rights attached as to voting, dividends and participation in other distribution is suspended.

As at 31 December 2017, the number of outstanding ordinary shares in issue after the setting off treasury shares against equity was 608,616,098 (2016: 608,032,663) ordinary shares.

33 REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES

On 16 February 2015, the Company issued 455,727,027 RCPS at an issue price of RM1.00 each.

The main features of the RCPS are as follows:

(i) The RCPS shall be convertible to new ordinary shares of the Company at a fixed conversion price of RM2.28, at the option of the holder, at any time commencing from date of listing up to and including the maturity date of 5 years from the issue date;

(ii) The Company has an option to redeem the RCPS from the third anniversary of the issue date of the RCPS up to the day immediately preceding the maturity date and any RCPS not redeemed or converted shall be automatically converted into new ordinary shares of the Company;

(iii) The holders of the RCPS shall have the right to receive a semi-annual preferential dividend at the rate of 4%, 4.5% and 5% from year 1 to 3, 4 and 5 respectively. Where there is no distributable profit, the entitlement to the preferential dividend shall be accumulated.

(iv) The RCPS will carry no right to vote at any general meeting of the Company except with regards to the following:

  (a) when the dividend or part of the dividend on the RCPS is in arrears for more than six (6) months;
  (b) on a proposal to reduce the Company's share capital in accordance with Section 116 or 117 of the Companies Act 2016;
  (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
  (d) on a proposal that affects rights attached to the RCPS;
  (e) on a proposal to wind up the Company; and
  (f) during the winding-up of the Company.

(v) The RCPS shall rank pari passu among themselves, and will rank ahead in regards to payment of dividends in all classes of shares of the Company.

(vi) The RCPS shall rank in priority to the Company's shares in any distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

The net proceeds received have been split between the liability and equity component.

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for the financial year ended 31 December 2017

(continued)

33 REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES (continued)

The RCPS recognised in the statements of financial position is summarised as follows:

	Group and Company	
	2017	**2016**
	RM'000	**RM'000**
Liability component:		
At 1 January	**64,096**	78,356
Amortisation of interest expense (Note 10)	**3,074**	4,094
RCPS dividends paid (Note 39)	**(18,169)**	(18,222)
Converted into ordinary shares	**(159)**	(132)
At 31 December	**48,842**	64,096
Represented by:		
Current	**17,096**	15,092
Non-current	**31,746**	49,004
	48,842	64,096

The fair value of the liability component of the RCPS at 31 December 2017 amounted to RM48,842,000 (2016: RM64,096,000). The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 5.54% (2016: 5.54%) and are within Level 2 of the fair value hierarchy.

34 OTHER RESERVES

	Share option reserve	Available-for-sale reserve	Exchange fluctuation reserve	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2017				
At 1 January 2017	**8,095**	**(3,003)**	**54,566**	**59,658**
Exchange fluctuation reserve				
- currency translation differences	**-**	**-**	**(33,941)**	**(33,941)**
Available-for-sale financial assets				
- net change in fair values	**-**	**1,821**	**-**	**1,821**
Share option exercised/lapsed	**(265)**	**-**	**-**	**(265)**
At 31 December 2017	**7,830**	**(1,182)**	**20,625**	**27,273**
2016				
At 1 January 2016	8,095	285	78,329	86,709
Exchange fluctuation reserve				
- currency translation differences	-	-	(23,763)	(23,763)
Available-for-sale financial assets				
- net change in fair values	-	(3,288)	-	(3,288)
At 31 December 2016	8,095	(3,003)	54,566	59,658

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34 OTHER RESERVES (continued)

(a) Share option reserve

The Group's subsidiary, IGB Corporation Berhad ("IGB Corp") implemented an Executives Share Option Scheme ("ESOS") over IGB Corp's shares 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:

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

(ii) The aggregate number of new IGB Corp 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:
   (a) the aggregate number of IGB Corp shares allocated shall not exceed the maximum number of IGB Corp shares available from the ESOS Scheme; and
   (b) the number of IGB Corp shares allocated is subject to the maximum allowable allotment of new IGB Corp shares.

(iii) 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 IGB Corp at any point of time during the tenure of the ESOS.

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

(v) The exercise price of RM2.88 for each new ordinary IGB Corp's 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.

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

(vii) The new shares issued upon the exercise of an option will be subject to all the provisions of IGB Corp'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 existing issued ordinary shares of IGB Corp, 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.

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

	IGB Corp Group	
	Exercise price option	**Number of options**
	RM	
2017		
At 1 January 2017		**24,580,000**
Exercised		**(500,000)**
Lapsed		**(303,000)**
At 31 December 2017	**2.88**	**23,777,000**
2016		
At 1 January/31 December 2016	2.88	24,580,000

As at 31 December 2017, all 23,777,000 (2016: 24,580,000) options are exercisable.

The ESOS reserve comprises the cumulative value of services received for the issue of share options by IGB Corp. 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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34 OTHER RESERVES (continued)

(b) Exchange fluctuation reserve

During the previous financial year, the Group has 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 2016 and the net investment hedge was discontinued.

	Available- for-sale reserve
	RM'000
Company	
2017	
At 1 January 2017	**(3,003)**
Net change in fair values	**1,821**
At 31 December 2017	**(1,182)**
2016	
At 1 January 2016	285
Net change in fair values	(3,288)
At 31 December 2016	(3,003)

35 PAYABLES AND CONTRACT LIABILITIES

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
(A) Trade and other payables				
Deposits received from tenants and customers	**95,327**	90,129	**-**	-
	95,327	90,129	**-**	-
Current				
(A) Trade and other payables				
Trade payables	**149,991**	188,916	**-**	-
Other payables	**154,079**	128,627	**1,379**	1
Output tax	**802**	1,360	**-**	24
Accruals	**109,617**	124,274	**731**	17,403
Deposits received from tenants and customers	**116,838**	120,622	**-**	-
Deposits received from sale of a hotel property	**-**	158,000	**-**	-
Deferred revenue	**32,530**	23,388	**-**	-
(B) Contract liabilities in relation to:				
- property development (Note 27)	**11,800**	-	**-**	-
	575,657	745,187	**2,110**	17,428
Total	**670,984**	835,316	**2,110**	17,428

Included in trade and other payables of the Group is retention sum of RM58,226,000 (2016: RM53,700,000).

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.

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36 HIRE-PURCHASE AND FINANCE LEASE PAYABLES

	Group	
	2017	2016
	RM'000	RM'000
Minimum payments:		
- Payable within 1 year	-	49
- Payable between 1 and 5 years	-	35
	-	84
Less: Future finance charges	-	(4)
Present value of liabilities	-	80
Present value of liabilities:		
Current		
- Payable within 1 year	-	47
Non-current		
- Payable between 1 and 5 years	-	33
	-	80

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default.

The interest rates for the previous financial year ranged 2.42% to 3.7% per annum. As at 31 December 2016, the effective interest rate applicable to the hire-purchase and finance lease payables was 4.82% per annum.

37 INTEREST BEARING BANK BORROWINGS

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Non-current					
Secured:					
- Revolving credits	(a)	**927,800**	920,100	**927,800**	920,100
- Term loans	(b)	**135,000**	1,440,176	**-**	-
- Medium Term Notes	(c)	**1,793,248**	293,960	**-**	-
		2,856,048	2,654,236	**927,800**	920,100
Current					
Secured:					
- Revolving credits	(a)	**120,780**	141,642	**1,155**	-
- Term loans	(b)	**106,024**	66,676	**-**	-
- Medium Term Notes	(c)	**15,815**	-	**-**	-
Unsecured:					
- Revolving credits	(a)	**307,199**	391,124	**-**	-
		549,818	599,442	**1,155**	-
Total					
- Revolving credits	(a)	**1,355,779**	1,452,866	**928,955**	920,100
- Term loans	(b)	**241,024**	1,506,852	**-**	-
- Medium Term Notes	(c)	**1,809,063**	293,960	**-**	-
		3,405,866	3,253,678	**928,955**	920,100

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

37 INTEREST BEARING BANK BORROWINGS (continued)

The carrying amounts of the Group's and the Company's borrowings denominated in the following currencies are as stated below:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revolving credits				
- RM	**1,283,692**	1,346,835	**928,955**	920,100
- AUD	**31,607**	64,760	**-**	-
- USD	**40,480**	41,271	**-**	-
	1,355,779	1,452,866	**928,955**	920,100
Term loans				
- RM	**241,024**	1,506,852	**-**	-
Medium Term Notes				
- RM	**1,809,063**	293,960	**-**	-
Total	**3,405,866**	3,253,678	**928,955**	920,100

The currency profile and weighted average effective interest rates per annum of the borrowings are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Revolving credits				
- RM	**4.11**	4.15	**4.13**	4.08
- AUD	**2.96**	3.23	**-**	-
- USD	**2.64**	1.83	**-**	-
Term loans				
- RM	**4.99**	4.61	**-**	-
Medium Term Notes				
- RM	**4.62**	5.03	**-**	-

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

37 INTEREST BEARING BANK BORROWINGS (continued)

Estimated fair values

The carrying amounts and fair values of the borrowings for the Group and the Company are as follows:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Group				
Revolving credits	**1,355,779**	**1,355,779**	1,452,866	1,452,866
Term loans	**241,024**	**241,024**	1,506,852	1,486,764
Medium Term Notes	**1,809,063**	**1,812,806**	293,960	293,960
	3,405,866	**3,409,609**	3,253,678	3,233,590
Company				
Revolving credits	**928,955**	**928,955**	920,100	920,100

The fair value of borrowings is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risks profile and within level 3 of the fair value hierarchy.

	Maturity profile			Total carrying amount
Group	<1 year	1-2 year	2-5 years	
	RM'000	RM'000	RM'000	RM'000
2017				
Revolving credits:				
- Floating interest rate, secured	**120,780**	**-**	**927,800**	**1,048,580**
- Floating interest rate, unsecured	**307,199**	**-**	**-**	**307,199**
Term loans, secured:				
- Floating interest rate	**5,171**	**45,000**	**90,000**	**140,171**
- Fixed interest rate	**100,853**	**-**	**-**	**100,853**
Medium Term Notes, secured:				
- Floating interest rate	**915**	**-**	**594,483**	**595,398**
- Fixed interest rate	**14,900**	**-**	**1,198,765**	**1,213,665**
	549,818	**45,000**	**2,811,048**	**3,405,866**

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

37 INTEREST BEARING BANK BORROWINGS (continued)

Group	Maturity profile <1 year RM'000	1-2 year RM'000	2-5 years RM'000	Total carrying amount RM'000
2016				
Revolving credits:				
- Floating interest rate, secured	141,642	-	920,100	1,061,742
- Floating interest rate, unsecured	391,124	-	-	391,124
Term loans, secured:				
- Floating interest rate	150	5,000	126,000	131,150
- Fixed interest rate	66,526	100,000	1,209,176	1,375,702
Medium Term Notes, secured:				
- Floating interest rate	-	-	293,960	293,960
	599,442	105,000	2,549,236	3,253,678

Company	Maturity profile <1 year RM'000	1-2 year RM'000	2-5 years RM'000	Total carrying amount RM'000
2017				
Revolving credits:				
- Floating interest rate, secured	**1,155**	**-**	**927,800**	**928,955**
2016				
Revolving credits:				
- Floating interest rate, secured	-	-	920,100	920,100

(a) Revolving credits

A. The Company secured a Revolving Credit ("RC") up to RM960,000,000 with a tenure of 5 years from 31 October 2015 and bears a floating interest rate of aggregate effective cost of funds and a margin of 0.6% (2016: 0.6%) per annum.

The above banking facilities are secured by way of a Memorandum of Deposit over shares in a subsidiary, including but not limited, in all cases, to bonus shares, rights shares and other new shares or rights entitlements at a minimum coverage of at least 1.2 times.

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

37 INTEREST BEARING BANK BORROWINGS (continued)

(a) Revolving credits (continued)

B. Other than the RC A above, the other RC's of the Group are secured by way of:

(i) Fixed charge on the freehold land of a subsidiary company together with a 30 storey commercial building constructed thereon (Note 13);

(ii) Deposit of master title of a piece of land classified under inventories - property development costs (Note 14(b));

(iii) Deposits pledged with licensed banks (Note 28); and

(iv) Corporate guarantee granted by the Company or its subsidiary company.

C. Undrawn revolving credit facility of the Company is secured by way of fixed deposits amounting to RM300,000 placed with a licensed bank (Note 28) and fixed charge on the freehold land of a subsidiary company together with a 30 storey commercial building constructed thereon (Note 13).

(b) Term loans

Term loans ("TL") obtained by the Group comprise of the following:

A. A 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 1.2% (2016: 1.2%) per annum.

The TL is secured against a lienholder's caveat over the development land included within inventory of property development costs of the subsidiary company (Note 14(b)).

B. Term loan obtained by a subsidiary comprise a fixed rate term loan facility ("FRTL") of RM100 million (2016: RM150 million) with a tenure of ten (10) years from the date of first drawdown and bears a fixed interest rate of 5.85% (2016: 5.85%) per annum.

The FRTL is secured against the hotel property of a subsidiary (Note 13(a)).

C. A term loan of RM90 million of a subsidiary company was obtained with the following terms:-

(a) RM90 million is repayable in full on 25 February 2020 with an option to extend the facility for another 3 years, subject to the lender's consent; and

(b) bears a floating interest rate of the aggregate cost of funds and a margin of 0.7% (2016: 0.7%) per annum.

The loan is secured against the freehold land together with commercial building of a subsidiary company (Note 13).

D. AmTrustee Berhad ("the Trustee"), on behalf of IGB REIT, as borrower, has obtained the Syndicated Financing Facilities ("SFF") comprising the following:

(a) A FRTL of up to RM1,200 million; and

(b) A standby revolving credit facility ("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% (2016: 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% (2016: 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% (2016: 0.7%) per annum.

Both the FRTL and SBRC were fully settled in September 2017 through refinancing and internally generated fund respectively.

Notes to the Financial Statements
for the financial year ended 31 December 2017
(continued)

37 INTEREST BEARING BANK BORROWINGS (continued)

(b) Term loans (continued)

D. AmTrustee Berhad ("the Trustee"), on behalf of IGB REIT, as borrower, has obtained the Syndicated Financing Facilities ("SFF") comprising the following: (continued)

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 ("MVM") and under the sale and purchase agreement in relation to MVM pursuant to the Acquisitions and all other documents evidencing the Trustee's interest in MVM. 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 MVM into the revenue account; and

(b) that it shall not declare or make any dividends or distributions out of the cash flow derived from MVM 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 MVM;

(b) the operating account which is to capture funds transferred from the revenue account for the purpose of managing the operating expenditure of MVM; 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 28); 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 MVM.

(c) Medium Term Notes

A. On 18 August 2017, IGB REIT Capital Sdn. Bhd. ("IGBRC"), a special purpose vehicle wholly-owned by IGB REIT via MTrustee Berhad ("MTrustee"), had lodged a Medium Term Notes ("MTN") Programme with the SC pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC. The MTN Programme has a tenure of twenty (20) years from the date of its first issuance of MTN under the MTN Programme ("20 years MTN Programme").

On 20 September 2017, IGBRC issued the first tranche AAA-rated MTN ("Tranche 1, MTN") amounting to RM1.2 billion which was advanced to IGB REIT to fully settle the FRTL. The Tranche 1, MTN has a tenure of 7 years ("Legal Maturity") effective from 20 September 2017. For the first 5 years ("Expected Maturity"), the Tranche 1, MTN bears a fixed rate coupon rate of 4.4% per annum. The RM1.2 billion has to be fully repaid on Expected Maturity, otherwise it will cause a trigger event that will result in the coupon rate to be stepped up to 5.4% per annum for the sixth and seventh years.

The Tranche 1, MTN is secured against, among others, the following:

(i) a third party legal assignment of the MTrustee's present and future rights, titles, interests and benefits in MVM and under the sale and purchase agreement in relation to MVM. In the event the subdivision of master title is completed and a separate strata title is issued for MVM ("MVM Strata Title"), a third party first legal charge shall be created on MVM Strata Title;

(ii) a third party legal assignment over all the MTrustee's rights, titles, interests and benefits under the proceeds derived from the tenancy/lease agreements in relation to MVM;

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

37 INTEREST BEARING BANK BORROWINGS (continued)

(c) Medium Term Notes (continued)

A. On 18 August 2017, IGB REIT Capital Sdn Bhd ("IGBRC"), a special purpose vehicle wholly-owned by IGB REIT via MTrustee Berhad ("MTrustee"), had lodged a MTN Programme with the SC pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC. The MTN Programme has a tenure of twenty (20) years from the date of its first issuance of MTN under the MTN Programme ("20 years MTN programme"). (continued)

The Tranche 1, MTN is secured against, among others, the following: (continued)

(iii) a third party legal assignment of the MTrustee's present and future rights, titles, interests and benefits under all insurance policies in relation to MVM and the Security Trustee (acting for and on behalf of the MTN holders) being named as the co-insured and loss payee of the insurance policies;

(iv) a third party first ranking legal assignment and charge over the revenue and operating accounts of the Tranche 1, MTN;

(v) a first party first ranking legal assignment and charge over the Debt Service Reserve Account of the Tranche 1, MTN;

(vi) an irrevocable power of attorney granted by the MTrustee in favour of the security trustee (acting for and on behalf of the MTN holders) to manage and dispose MVM upon expiry of remedy period under the terms of Tranche 1, MTN.

(vii) a letter of undertaking from the MTrustee and the Manager:

(a) to deposit all cash flows generated from MVM into the revenue account; and

(b) it shall not declare or make any distributions out of the cash flows from the revenue account to the unitholders if an event of default and/or a trigger event has occurred and is continuing or the financial covenants are not met; and

(viii) a first party legal assignment over the Tranche 1, MTN's trustee financing agreement.

B. In November 2016, Southkey Megamall Sdn. Bhd. ("SKM") entered into agreement for an unrated eight (8) years Medium Term Notes Programme ("8 years MTN Programme") of up to RM1.0 billion in nominal value. The MTN is non-tradeable and non-transferrable.

On 20 December 2016, SKM issued RM300 million nominal value of 8 years MTN Programme with maturity date on 20 December 2021. On 21 February 2017, SKM further issued RM200 million and RM100 million nominal value of 8 years MTN Programme with the same maturity date.

The weighted average effective interest rate of the 8 years MTN Programme as at 31 December 2017 was 5.06% (2016: 5.03%) per annum. The proceeds from the issuance of the 8 years MTN Programme shall be utilised to part finance the development and construction of Mid Valley Megamall, Southkey ("MVM Southkey").

The 8 years MTN Programme is secured against, among others, the following:-

(i) First party first legal charge over the master title of the land where the MVM Southkey is erected;

(ii) First party first legal charge over the strata titles of the MVM Southkey;

(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 MVM Southkey;

(vi) First party legal assignment over all rights, titles, interests and benefits under all performance bonds granted by contractors of the MVM Southkey;

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

37 INTEREST BEARING BANK BORROWINGS (continued)

(c) Medium Term Notes (continued)

B. In November 2016, Southkey Megamall Sdn. Bhd. ("SKM") entered into agreement for an unrated eight (8) years Medium Term Notes Programme ("8 years MTN Programme") of up to RM1.0 billion in nominal value. The MTN is non-tradeable and non-transferrable. (continued)

The 8 years MTN Programme is secured against, among others, the following:- (continued)

(vii) First party legal assignment over all rights, titles, interests and benefits under all construction contracts of the MVM Southkey;

(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 MVM Southkey 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.

38 AMOUNTS OWING FROM/(TO) SUBSIDIARIES

The amounts owing from subsidiaries are unsecured, repayable on demand and carry interest rates of 4.08% (2016: 4.25%) per annum.

The carrying amounts of owing from subsidiaries as at 31 December 2017 and 31 December 2016 approximated their fair values.

The amounts owing to subsidiaries are unsecured, have no fixed terms of repayment and carry interest rates that ranged from 2.95% to 3.00% (2016: 2.95% to 3.00%).

39 DIVIDENDS

The dividends on ordinary shares and Redeemable Convertible Cumulative Preference Shares ("RCPS") paid or declared by the Company were as follows:

	2017		**2016**	
	Gross dividend per share	**Amount of dividend, net of tax**	**Gross dividend per share**	**Amount of dividend, net of tax**
	%	**RM**	**%**	**RM**
Redeemable Convertible Cumulative Preference Shares				
- Single tier	**2**	**9,096**	2	9,115
- Single tier	**2**	**9,073**	2	9,107
	4	**18,169**	4	18,222
Ordinary shares				
- First interim single tier	**2**	**12,171**	2	12,156

On 30 December 2016, the Director declared a dividend of 2% (based on the issue price of RM1.00) per RCPS for the six months period from and including 16 August 2016 up to and including 15 February 2017 in respect of the financial year ended 31 December 2016 under the single tier system amounting to a total dividend of RM9,096,000 was paid out on 14 February 2017.

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

39 DIVIDENDS (continued)

On 3 July 2017, the Director declared a dividend of 2% (based on the issue price of RM1.00) per RCPS for the six months period from and including 16 February 2017 up to and including 15 August 2017 under the single tier system in respect of the financial year ended 31 December 2017, amounting to a total dividend of RM9,073,000 and the dividends were paid on 10 August 2017.

On 5 July 2017, the Director declared a first interim single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2017, amounting to a total dividend of RM12,171,000 and the dividends were paid on 11 August 2017.

On 29 December 2017, the Director declared a dividend of 2% (based on the issue price of RM1.00) per RCPS for the six months period from and including 16 August 2017 up to and including 15 February 2018 in respect of the financial year ended 31 December 2017 under the single tier system amounting to a total of RM9,070,000. The book closure date for the RCPS dividend was on 17 January 2018 to determine shareholders' entitlement and the said dividend was paid out on 14 February 2018.

40 RENTALS RECEIVABLES UNDER NON-CANCELLABLE OPERATING LEASE

The Group leases out its investment properties and property, plant and equipment under operating leases. The future minimum lease receivable under non-cancellable lease is as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Less than 1 year	**489,305**	514,332
Between 1 year to 5 years	**512,515**	597,977
More than 5 years	**229,243**	243,236
	1,231,063	1,355,545

41 CAPITAL COMMITMENTS

	Group	
	2017	**2016**
	RM'000	**RM'000**
Approved and contracted for:		
- Property, plant and equipment	**472**	1,180
- Investment properties	**209,993**	820,084
- Others	**37,310**	9,718
	247,775	830,982

Notes to the Financial Statements
for the financial year ended 31 December 2017
(continued)

42 SIGNIFICANT RELATED PARTY DISCLOSURES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

Key management personnel of the Group and of the Company are the Executive Directors and senior management of the Group and of the Company.

Key management compensation is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, bonus and allowances	**41,346**	39,133	**2,694**	3,926
Defined contribution plan	**4,689**	4,509	**320**	460
Post employment benefits	**-**	15,800	**-**	15,800
Other short term benefits	**327**	316	**7**	7
	46,362	59,758	**3,021**	20,193

Included in the key management compensation is Executive Director's remuneration as disclosed in Note 9 to the financial statements.

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 agreed with the related parties.

Related party	**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

The significant related party transactions during the financial year are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Light boxes rental, pedestrian bridge and office rental:		
- Strass Media Sdn. Bhd.	**1,086**	1,242
Management/marketing fee income:		
- Cahaya Utara Sdn. Bhd.	**1,305**	1,305
Office rental income:		
- Wasco Management Services Sdn. Bhd.	**1,101**	1,006
Purchase of information technology products and security equipment:		
- Wah Seong (Malaya) Trading Co. Sdn. Bhd.	**-**	7,683

Notes to the Financial Statements

for the financial year ended 31 December 2017
(continued)

42 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

	Company	
	2017	**2016**
	RM'000	**RM'000**
Advances to subsidiaries:		
- advances	**23,898**	8,650
- repayment	**26,464**	9,024
Advances from subsidiaries	**630**	2,690
Interest income from:		
- Lautan Bumimas Sdn. Bhd.	**5**	269
Dividend received from:		
- IGB Corporation Berhad	**98,019**	98,019
- GTower Sdn. Bhd.	**8,000**	17,600
- Macro Lynx Sdn. Bhd.	**-**	1,650
- Multistock Sdn. Bhd.	**8,000**	-
Rental of premises payable to GTower Sdn. Bhd.	**1,334**	1,333
Fees from management services receivable from GTower Sdn. Bhd.	**1,063**	1,049

The significant related party balances are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Amounts owing from associates:		
- New Commercial Investments Limited	**22,163**	22,347
Amounts owing from joint venture:		
- Black Pearl Limited	**45,533**	25,472

	Company	
	2017	**2016**
	RM'000	**RM'000**
Amounts owing to subsidiaries:		
- Multistock Sdn. Bhd.	**(229)**	(8,283)
- Macro Lynx Sdn. Bhd.	**(3,832)**	(3,882)
- AFMS Solutions Sdn. Bhd.	**(3,107)**	(2,672)

Notes to the Financial Statements

for the financial year ended 31 December 2017

(continued)

43 SIGNIFICANT SUBSEQUENT EVENTS

Acquisition of the entire equity interest in IGB Corp

On 23 February 2017, the Company had proposed to acquire the entire equity interest in IGB Corp not already owned by the Company by way of a members' scheme of arrangement pursuant to Section 366 of the Companies Act 2016 ("Proposed Scheme"), at the offer price of RM3.00 per share.

The Proposed Scheme was legally effective upon receiving the Order of the High Court of Malaya which was lodged with the Registrar of Companies Malaysia on 9 January 2018.

On 2 March 2018, the total cash settlement amounting to RM658 million together with the issuance of 57,808,634 new ordinary shares and 76,817,705 new Redeemable Convertible Cumulative Preference Shares ("RCCPS") in the Company was made to the shareholders of IGB Corp other than the Company ("Scheme Shareholders"). All the IGB Corp's shares held by Scheme Shareholders had also been transferred to the Company on 2 March 2018.

Following the completion of the Proposed Scheme, IGB Corp became a wholly-owned subsidiary of the Company and IGB Corp was delisted from the official list of Bursa Malaysia on 16 March 2018.

On 20 March 2018, the Company changed its name from Goldis Berhad to IGB Berhad.

44 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 23 April 2018.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Lei Cheng and Tan Mei Sian, being two of the Directors of IGB Berhad (formerly known as Goldis Berhad), state that, in the opinion of the Directors, the financial statements set out on pages 54 to 166 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance of the Group and of the Company for the financial year ended 31 December 2017, in accordance with Malaysian Financial Reporting Standards, International Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2018.

TAN LEI CHENG
DIRECTOR

TAN MEI SIAN
DIRECTOR

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Leong Kok Chi, the Officer primarily responsible for the financial management of IGB Berhad (Formerly known as Goldis Berhad), do solemnly and sincerely declare that the financial statements set out on pages 54 to 166 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEONG KOK CHI

Subscribed and solemnly declared by the abovenamed Leong Kok Chi at Kuala Lumpur in the Federal Territory on 23 April 2018.

COMMISSIONER FOR OATHS
Kuala Lumpur

Independent Auditors' Report

To the Members of IGB Berhad

(Formerly known as Goldis Berhad)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of IGB Berhad (Formerly known as Goldis 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 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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 2017 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 54 to 166.

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 the 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 Berhad
(Formerly known as Goldis Berhad)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>A. Valuation of property development inventories

The Group holds a significant amount of property development inventories in Malaysia.

The carrying values of these inventories comprising land held for property development and property development costs amounted to RM286.6 million and RM520.6 million respectively as at 31 December 2017.

Property development inventories are stated at the lower of their cost and Net Realisable Value ("NRV").

The slowdown in property market launches and the increase in luxury residential property supply in Malaysia may impact the NRV of the Group's property development inventories.

Property development projects are long term in nature, hence judgement is required in assessing NRV particularly in:

i) estimating the budgeted cost to complete the property development for which inherent uncertainties may arise from estimating future costs which are impacted by changes in material prices and exchange rates; and

ii) estimating forecast selling prices.

Refer to Note M (Summary of Significant Accounting Policies), Note 3 (Critical Accounting Estimates and Judgements) and Note 14 (Inventories).</td><td>We have assessed the reasonableness of net realisable values of property development inventories estimated by the management by performing the following procedures:

a) Compared the carrying amounts of property development inventories to:
• valuations conducted by external valuers. We have reviewed the valuation methodologies used and assessed the valuers' competency, capabilities and objectivity by checking the valuers' qualification and their registration to the respective boards; or
• recently transacted sales prices.

b) For ongoing property development projects:
• we assessed the accuracy and completeness of the budgeted cost to complete by comparing the actual cost incurred to date to budgeted costs, taking into consideration actual contract costs awarded to contractors, construction progress and any significant variations to the property development project; and
• we compared the Group's forecast selling prices against recently transacted selling prices.

Based on the procedures above, no material exceptions were noted.</td></tr>
<tr><td>B. Valuation of investment properties and hotel properties

The carrying values of the Group's investment properties and hotel properties amounted to RM2,932.0 million and RM1,183.7 million respectively as at 31 December 2017. The Group's retail and commercial investment properties and hotel properties are situated mainly in Malaysia.

The oversupply of commercial and retail properties, tenant favoured office and retail market and increasing supply of hotel rooms from completion of new hotels in Malaysia may affect the Group's recoverable amounts of its investment properties and hotel properties.

Arising from the indicators above, a comparison against fair values based on valuations by independent valuers or management's estimate of fair values or value-in-use calculations are made. The assessment of fair values and value-in-use calculations involves significant judgement and estimation that could result in material misstatement.

Refer to Note G (Summary of Significant Accounting Policies), Note 3 (Critical Accounting Estimates and Judgements), Note 13 (Property, Plant and Equipment) and Note 15 (Investment Properties).</td><td>Our audit procedures comprised the following:

a) For investment properties and hotel properties where external valuations are available, we have;
• reviewed the valuation methodologies used; and
• assessed the valuers' competency, capabilities and objectivity by checking the valuers' qualification and their registration to the respective boards;

b) For investment properties and hotel properties where external valuations had not been performed, we have assessed management's estimates of fair value by comparing to transacted prices for similar properties. Alternatively, we tested the underlying assumptions used by management in estimating the asset's value-in-use.

c) For investment properties under capital work in progress, we tested the underlying assumptions used by management in estimating the asset's value-in-use.

Based on the procedures above, no material exceptions were noted.</td></tr>
</table>

There are no key audit matters in relation to the financial statements of the Company.

Independent Auditors' Report

to the Members of IGB Berhad
(Formerly known as Goldis Berhad)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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, Management Discussion and Analysis, Corporate Governance Overview Statement, Additional Compliance Statement, Directors' Responsibility Statement, Sustainability Statement, Statement on Risk Management and Internal Controls and Audit Committee Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

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 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional 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.

Independent Auditors' Report

to the Members of IGB Berhad
(Formerly known as Goldis Berhad)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

(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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 19 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

GAN WEE FONG
03253/01/2019 J
Chartered Accountant

Kuala Lumpur
23 April 2018

Top Ten Properties by Value

Held by IGB Berhad Group as at 31 December 2017

	Location/Address	Tenure	Age of Building (Years)	Description/ Existing use	Date of Acquisition/ Revaluation	Group Net Book Value As At 31 Dec 2017 RM'000
1	HS(D) 493555 PTD 208568 and HS(D) 493556 PTD 208569 Mukim Plentong Daerah Johor Bahru	Leasehold expiring 2100	-	31.5 acres vacant land for proposed mixed commercial development at Southkey, Johore	3-9-2013	830,713
2	PT 15 HS(D) 105028 Section 95 A Kuala Lumpur	Leasehold expiring 2103	-	Proposed commercial development under construction known as Mid Valley South Point at Mid Valley City	28-12-2004	630,124
3	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	11	Shopping complex known as The Gardens Mall together with 4,128 car parking bays	28-12-2004	492,408
4	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	18	Shopping complex known as Mid Valley Megamall together with 6,102 car parking bays	17-12-1999	373,034
5	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	18	646-rooms Cititel Hotel Mid Valley	31-12-2011	262,925
6	199, Jalan Tun Razak 50400 Kuala Lumpur.	Freehold	9	32 storey commercial building known as GTower comprising retail, office and hotel	31.01-2002	249,323
7	97-99 Pitt Street Sydney, Australia	Freehold	3	281-rooms The Tank Stream, Sydney	06-07-2011	239,632
8	123 Nordin Street 10300 Pulau Pinang and 183 Jalan Magazine 10300 Pulau Pinang	Freehold	3	234-rooms Cititel Express Penang and 415-rooms St Giles Premier Wembley, Penang	19-09-2007	185,305
9	207 Jalan Tun Razak Kuala Lumpur	Freehold	24	330,000sf office space at Menara Tan & Tan	31-1-2002	180,154
10	A35-HS(D) 478909 PTD170668 A36-HS(D) 478910 PTD170669 A37-HS(D) 478958 PTD170670 A38-HS(D) 478959 PTD170671 A39-HS(D) 478960 PTD170672 Daerah Johor Bahru	Freehold	-	11,525 sm 13,000 sm 17,279 sm 15,083 sm 16,053 sm 72,940 sm vacant land for proposed mixed development at Medini, Johore	Nov 2012	174,581

Analysis of Shareholdings
as at 23 March 2018

ORDINARY SHARES

No. of Issued Shares # : 666,476,794
Voting rights : One vote per ordinary share

 # Excluding 2,858,020 ordinary shares bought-back by the Company and retained as treasury shares as at 23 March 2018

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Issued Shares#	No. of Issued Shares	% of Issued Shares#
Less than 100	453	10.62	16,450	0.00
100 to 1,000	411	9.64	234,681	0.04
1,001 to 10,000	2,671	62.63	9,605,442	1.44
10,001 to 100,000	588	13.77	16,303,317	2.45
100,001 to less than 5% of issued capital	137	3.21	334,118,263	50.13
5% and above of issued shares	5	0.13	306,198,641	45.94
Total	**4,265**	**100.00**	**666,476,794**	**100.00**

30 LARGEST SHAREHOLDERS

No.	Name	No. of Issued Shares	% of Issued Shares#
1	Tan Chin Nam Sdn Bhd	92,851,895	13.93
2	Wah Seong (Malaya) Trading Co. Sdn Bhd	72,654,778	10.90
3	HSBC Nominees (Asing) Sdn Bhd Exempt an for Bank Julius Baer & Co. Ltd. (Singapore Bch)	50,143,362	7.52
4	Tan Kim Yeow Sdn Bhd	48,564,437	7.29
5	HSBC Nominees (Asing) Sdn Bhd Exempt an for The HongKong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	41,984,169	6.30
6	Tan Chin Nam Sdn Bhd	31,379,116	4.71
7	CIMB Group Nominees (Asing) Sdn Bhd Exempt an for DBS Bank Ltd (SFS-PB)	26,771,845	4.02
8	HLB Nominees (Asing) Sdn Bhd Pledged securities account for Wang Tak Company Limited (KLM878929)	22,417,051	3.36
9	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for Pangolin Asia Fund	17,726,940	2.66
10	Wah Seong (Malaya) Trading Co. Sdn Bhd	13,795,014	2.07
11	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Tan Kim Yeow Sdn Bhd	12,289,597	1.84
12	Wah Seong Enterprises Sdn Bhd	11,253,359	1.69
13	BBL Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Tan Chin Nam (100171)	10,564,664	1.59
14	CIMSEC Nominees (Asing) Sdn Bhd CIMB for Wang Tak Company Limited	10,546,467	1.58
15	Scanstell Sdn Bhd	9,281,618	1.39
16	Tan Lei Cheng	9,249,651	1.39
17	Dato' Tan Chin Nam	7,998,349	1.20

Analysis of Shareholdings
as at 23 March 2018
(continued)

30 LARGEST SHAREHOLDERS (continued)

No.	Name	No. of Issued Shares	% of Issued Shares#
18	CIMSEC Nominees (Asing) Sdn Bhd CIMB for Wang Tak Company Limited	7,729,730	1.16
19	HLIB Nominees (Asing) Sdn Bhd Pledged securities account for Wang Tak Company Limited	7,000,500	1.05
20	Dato' Tan Chin Nam	6,170,082	0.93
21	Classlant Sdn Bhd	5,976,338	0.90
22	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Chin Nam Sdn Bhd (KLC)	5,500,000	0.83
23	Wah Seong (Malaya) Trading Co. Sdn Bhd	5,496,800	0.82
24	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	5,465,503	0.82
25	Lim Kuan Gin	5,339,903	0.80
26	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Wang Tak Majujaya Sdn Bhd (PB)	5,146,794	0.77
27	BBL Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Chin Nam Sdn Bhd (106021)	5,113,125	0.77
28	Tan Kim Yeow Sdn Bhd	5,091,196	0.76
29	Amanahraya Trustees Berhad Public Smallcap Fund	5,081,100	0.76
30	Tentang Emas Sdn Bhd	4,867,541	0.73

SUBSTANTIAL SHAREHOLDERS AS AT 20 APRIL 2018

	Direct Interest		Deemed Interest*	
Name	No. of Issued Shares	% of Issued Shares#	No. of Issued Shares	% of Issued Shares#
Tan Chin Nam Sdn Bhd	152,706,836	22.90	136,614,164	20.48
Tan Kim Yeow Sdn Bhd	65,945,230	9.89	127,332,546	19.09
Pauline Tan Suat Ming	350,000	0.05	193,277,776	28.98
Dato' Seri Robert Tan Chung Meng	1,483,509	0.22	193,277,776	28.98
Tony Tan Choon Keat	-	-	193,277,776	28.98
Wah Seong (Malaya) Trading Co. Sdn Bhd	102,632,471	15.39	24,700,075	3.70
Tan Boon Seng	-	-	55,609,742	8.34
Lee Hing Development Limited	-	-	55,609,742	8.34
Wang Tak Company Limited	46,392,948	6.96	9,216,794	1.38
HSBC Holdings plc	-	-	74,549,789	11.18
HSBC Finance (Netherlands)	-	-	74,549,789	11.18
HSBC Holdings B.V.	-	-	74,549,789	11.18
HSBC Asia Holdings (UK) Limited	-	-	74,549,789	11.18
HSBC Asia Holdings B.V.	-	-	74,549,789	11.18
The HongKong and Shanghai Banking Corporation Limited	-	-	74,549,789	11.18
HSBC International Trustee (Holdings) Pte Ltd	-	-	74,549,789	11.18
HSBC International Trustee Limited	-	-	74,549,789	11.18

Analysis of Shareholdings
as at 23 March 2018
(continued)

STATEMENT OF DIRECTORS' INTERESTS IN THE COMPANY AND RELATED CORPORATION

IGB Berhad (The Company)

	Direct Interest		Deemed Interest*	
Name	No. of Issued Shares	% of Issued Shares#	No. of Issued Shares	% of Issued Shares#
Tan Lei Cheng	9,249,651	1.39	3,862,176	0.58
Datuk Tan Kim Leong @ Tan Chong Min	366,010	0.05	-	-
Daud Mah Bin Abdullah @ Mah Siew Whye	99,458	0.01	-	-
Dato' Seri Robert Tan Chung Meng	1,483,509	0.22	193,277,776	29.00
Tan Boon Lee	4,157,380	0.62	-	-
Daniel Yong Chen-I	350,000	0.05	803,297	0.12
Tan Mei Sian	859,090	0.13	-	-

IGB Real Estate Investment Trust (IGB REIT) (Subsidiary Company)

	Direct Interest		Deemed Interest*	
Name	No. of Issued Units	% of Issued Units@	No. of Issued Units	% of Issued Units@
Tan Lei Cheng	1,853,742	0.05	345,722	0.01
Datuk Tan Kim Leong @ Tan Chong Min	1,600	0.00	-	-
Dato' Seri Robert Tan Chung Meng	14,739,081	0.42	1,884,151,697	53.54
Tan Boon Lee	1,705,025	0.05	-	-
Daniel Yong Chen-I	622,132	0.02	1,080,898	0.03

GTower Sdn Bhd (Subsidiary Company)

	Direct Interest	
Name	No. of Issued Shares	% of Issued Shares
Tan Lei Cheng	321,429	0.64
Tan Boon Lee	428,571	0.86
Tan Mei Sian	35,714	0.07

Note:

* *Deemed interest pursuant to Section 8 of the Companies Act, 2016*
@ *3,518,821,841 issued units as at 30 March 2018*

Analysis of Shareholdings

as at 23 March 2018
(continued)

REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES (RCPS)

No. of Issued RCPS : 453,373,750

Date Issued : 2015

Voting Rights : The RCPS holders shall not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting as a separate class in each of the following circumstances:-

(a) when the dividend or part of the dividend on the RCPS is in arrears for more than 6 months;
(b) on a proposal to reduce the Company's share capital in accordance with Section 116 or Section 117 of the Companies Act, 2016;
(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
(d) on a proposal that affects rights attached to the RCPS;
(e) on a proposal to wind up the Company; and
(f) during the winding-up of the Company.

DISTRIBUTION OF RCPS HOLDINGS

Range of RCPS holdings	No. of RCPS holders	% of Issued RCPS	No. of Issued RCPS	% of Issued RCPS
Less than 100	27	2.72	1,600	0.00
100 to 1,000	83	8.35	41,931	0.01
1,001 to 10,000	669	67.30	2,223,800	0.49
10,001 to 100,000	157	15.80	4,602,049	1.02
100,001 to less than 5% of issued capital	52	5.23	149,848,941	33.05
5% and above of issued shares	6	0.60	296,655,429	65.43
Total	**994**	**100.00**	**453,373,750**	**100.00**

30 LARGEST RCPS HOLDERS

No.	Name	No. of Issued RCPS	% of Issued RCPS
1	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Wang Tak Majujaya Sdn Bhd (PB)	71,946,030	15.87
2	Tan Chin Nam Sdn Bhd	68,399,471	15.09
3	Wah Seong (Malaya) Trading Co. Sdn Bhd	59,643,500	13.16
4	Tan Kim Yeow Sdn Bhd	36,423,327	8.03
5	HSBC Nominees (Asing) Sdn Bhd Exempt an for The HongKong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	30,152,601	6.65
6	HSBC Nominees (Asing) Sdn Bhd Exempt an for Bank Julius Baer & Co. Ltd (Singapore Bch)	30,090,500	6.64
7	Tan Chin Nam Sdn Bhd	21,451,280	4.73
8	CIMB Group Nominees (Asing) Sdn Bhd Exempt an for DBS Bank Ltd (SFS-PB)	18,511,158	4.08
9	Wah Seong (Malaya) Trading Co. Sdn Bhd	10,346,260	2.28
10	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Tan Kim Yeow Sdn Bhd	9,217,197	2.03
11	Wah Seong Enterprises Sdn Bhd	8,440,019	1.86
12	BBL Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Tan Chin Nam (100171)	7,923,498	1.75

Analysis of Shareholdings
as at 23 March 2018
(continued)

30 LARGEST RCPS HOLDERS (continued)

No.	Name	No. of Issued RCPS	% of Issued RCPS
13	Tan Lei Cheng	6,674,738	1.47
14	Dato' Tan Chin Nam	6,298,761	1.39
15	Amanahraya Trustees Berhad Public Smallcap Fund	4,648,000	1.03
16	Dato' Tan Chin Nam	4,627,561	1.02
17	Scanstell Sdn Bhd	4,592,038	1.01
18	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	4,397,300	0.97
19	Classlant Sdn Bhd	3,770,556	0.83
20	HSBC Nominees (Asing) Sdn Bhd Exempt an for Credit Suisse (SG BR-TST-ASING)	3,686,219	0.81
21	Tentang Emas Sdn Bhd	3,650,655	0.81
22	Wah Seong Enterprises Sdn Bhd	2,988,405	0.66
23	BBL Nominees (Tempatan) Sdn Bhd Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd (100007)	2,896,875	0.64
24	Dasar Mutiara (M) Sdn Bhd	2,881,713	0.64
25	Tan Boon Lee	2,848,998	0.63
26	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd (014011611150)	2,685,402	0.59
27	Tan Kim Yeow Sdn Bhd	2,318,397	0.51
28	Datin Choy Wor Lin	1,955,179	0.43
29	Malaysia Nominees (Tempatan) Sdn Bhd Pledged securities account for Wah Seong Enterprises Sdn Bhd (30-00059-000)	1,491,890	0.33
30	MIDF Amanah Investment Nominees (Asing) Sdn Bhd Pledged securities account for Connie Cheng Wai Ka (CTS-CCW0001C)	1,459,068	0.32

DIRECTORS' RCPS HOLDINGS

	Direct Interest		Deemed Interest *	
Name	No. of Issued RCPS	% of Issued RCPS	No. of Issued RCPS	% of Issued RCPS
Tan Lei Cheng	6,674,738	1.47	2,915,613	0.64
Datuk Tan Kim Leong @ Tan Chong Min	274,507	0.06	-	-
Daud Mah Bin Abdullah @ Mah Siew Whye	76,400	0.02	-	-
Dato' Seri Robert Tan Chung Meng	1,112,631	0.25	142,988,143	31.54
Tan Boon Lee	3,118,035	0.69	-	-
Daniel Yong Chen-I	-	-	602,472	0.13
Tan Mei Sian	79,567	0.02	-	-

Note:

* *Deemed interest pursuant to Section 8 of the Companies Act, 2016.*

Analysis of Shareholdings
as at 23 March 2018
(continued)

REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES (RCCPS)

No. of Issued RCCPS : 76,817,705

Date Issued : 2018

Voting Rights : The RCCPS holders shall not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting as a separate class in each of the following circumstances:-

(a) when the dividend or part of the dividend on the RCCPS is in arrears for more than 6 months;
(b) on a proposal to reduce the Company's share capital in accordance with Section 116 or Section 117 of the Companies Act, 2016;
(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
(d) on a proposal that affects rights attached to the RCCPS;
(e) on a proposal to wind up the Company; and
(f) during the winding-up of the Company.

DISTRIBUTION OF RCCPS HOLDINGS

Range of RCCPS holdings	No. of RCCPS holders	%	No. of Issued RCCPS	%
Less than 100	19	5.31	951	0.00
100 to 1,000	56	15.64	35,652	0.05
1,001 to 10,000	193	53.91	810,815	1.05
10,001 to 100,000	68	18.99	2,236,613	2.91
100,001 to less than 5% of issued capital	20	5.59	18,188,474	23.68
5% and above of issued shares	2	0.56	55,545,200	72.31
Total	**358**	**100.00**	**76,817,705**	**100.00**

30 LARGEST RCCPS HOLDERS

No.	Name	No. of Issued RCCPS	% of Issued RCCPS
1	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	35,823,892	46.63
2	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	19,721,308	25.67
3	Amanahraya Trustees Berhad Public Dividend Select Fund	2,884,850	3.76
4	Amanahraya Trustees Berhad Public Sector Select Fund	2,818,824	3.67
5	Dato' Seri Robert Tan Chung Meng	2,414,634	3.14
6	Tan Boon Lee	2,414,634	3.14
7	Amanahraya Trustees Berhad Public Savings Fund	1,980,203	2.58
8	Amanahraya Trustees Berhad Public Far-East Property & Resorts Fund	1,097,609	1.43
9	Amanahraya Trustees Berhad PB Growth Sequel Fund	903,073	1.18
10	CIMB Group Nominees (Asing) Sdn Bhd Exempt An For Bank Ltd (SFS-PB)	589,734	0.77
11	Amanahraya Trustees Berhad PB Dividend Builder Equity Fund	497,656	0.65

Analysis of Shareholdings
as at 23 March 2018
(continued)

30 LARGEST RCCPS HOLDERS (continued)

No.	Name	No. of Issued RCCPS	% of Issued RCCPS
12	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/c Clients)	433,952	0.56
13	Chai Lai Sim	402,841	0.52
14	Loh Hon Guen	383,730	0.50
15	Amanahraya Trustees Berhad Public Regular Savings Sequel Fund	281,707	0.37
16	HSBC Nominees (Asing) Sdn Bhd Pledged securities account for Malaysia Trade & Transport Co Sdn Bhd (372-010587-089)	228,025	0.30
17	Teoh Jian Meng	199,851	0.26
18	Tunku Sara Binti Tunku Ahmad Yahaya	170,714	0.22
19	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd For Tan Boon Lee	152,926	0.20
20	Ong Ah Kim	120,719	0.16
21	Soo Choon Swee	112,183	0.15
22	Cimsec Nominess (Tempatan) Sdn Bhd CIMB Bank for Douglas Cheng Heng Lee (MM1328)	100,609	0.13
23	Tan Kim Seng	90,146	0.12
24	Yoong Swee Ping	87,007	0.11
25	Lee Chai Tin	85,317	0.11
26	Chin Yin Kee	80,769	0.11
27	Ong Kek Poh	73,569	0.01
28	Teow Yang Sock	71,714	0.01
29	Alpha Banyan Holdings Sdn Bhd	65,034	0.08
30	Clarence Gerard Boudville	64,430	0.08

DIRECTORS' RCCPS HOLDINGS

	Direct Interest		Deemed Interest *	
Name	No. of Issued RCCPS	% of Issued RCCPS	No. of Issued RCCPS	% of Issued RCCPS
Dato' Seri Robert Tan Chung Meng	2,414,634	3.14	-	-
Tan Boon Lee	2,567,560	3.34	-	-

Note:

* *Deemed interest pursuant to Section 8 of the Companies Act, 2016.*

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IGB BERHAD
(515802-U)
*(formerly known as **Goldis Berhad**)*

CDS account no.

CDS account no. of authorized nominee [(a)]

PROXY FORM

I/We ______________________________ NRIC No./Company No. ______________

of ______________________________

being a member(s) of IGB Berhad (IGB or Company) (formerly known as Goldis Berhad), hereby appoint ______________

NRIC No./Company No. ______________________ of ______________________

____

and/or ______________________________ NRIC No./Company No. ______________

of ______________________________

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting (18th AGM) of the Company to be held at the Klang Room, Mezzanine Floor, GTower, 199 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia on Thursday, 31 May 2018 at 2.30 p.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

No.	Resolutions	First Proxy		Second Proxy	
		For	Against	For	Against
1	Payment of Directors' fees				
2	Payment of Directors' benefits				
3	Re-election of Ms Tan Lei Cheng				
4	Re-election of Mr Daniel Yong Chen-I				
5	Re-election of Encik Daud Mah bin Abdullah				
6	Re-appointment of Messrs PricewaterhouseCoopers PLT				
7	Re-appointment of Encik Daud Mah Bin Abdullah as Independent Director				
8	Re-appointment of Datuk Tan Kim Leong as Independent Director				
9	Authorization for Directors to issue shares				
10	SBB Mandate				
11	RRPT Ratification and RRPT Mandate				
12	Adoption of New Constitution				

Please indicate the manner in which you may wish your votes to be cast with an "X" in the appropriate spaces above. Unless voting instructions are specified therein, the proxy will vote or abstain from voting as he/she thinks fit.

Dated this __________ day of ______________________ 2018

____
Signature/Common Seal of Member

Tel No. : ______________________

No. of shares held

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes:

(a) Applicable to shares held through a nominee account.
(b) A member is entitled to appoint not more than 2 proxies (none of whom need to be a member of IGB).
(c) 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.
(d) A member who appoints a proxy must execute the Proxy Form which accompanies this Notice of 18th AGM. The lodging of the Proxy Form does not preclude a member from attending and voting in person at the 18th AGM should the member subsequently decide to do so.
(e) A corporate member who appoints a proxy must execute Proxy Form under seal or the hand of its officer or attorney duly authorised.
(f) Only members registered in Record of Depositors as at 25 May 2018 shall be entitled to attend and vote at the 18th AGM, or appoint proxy(ies) to attend and vote on their behalf.
(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 29 May 2018 at 2.30 p.m.
(h) IGB Annual Report 2017 and Statement/Circular are available on IGB's website www.IGBbhd.com, which members can view or download at their convenience.

Fold this flap for sealing

Fold along this line (2)

PROXY FORM

AFFIX
STAMP

The Company Secretaries
IGB Berhad (formerly known as Goldis Berhad) (515802-U)
c/o 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

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IGB BERHAD

(515802-U)

*(formerly known as **Goldis Berhad**)*

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