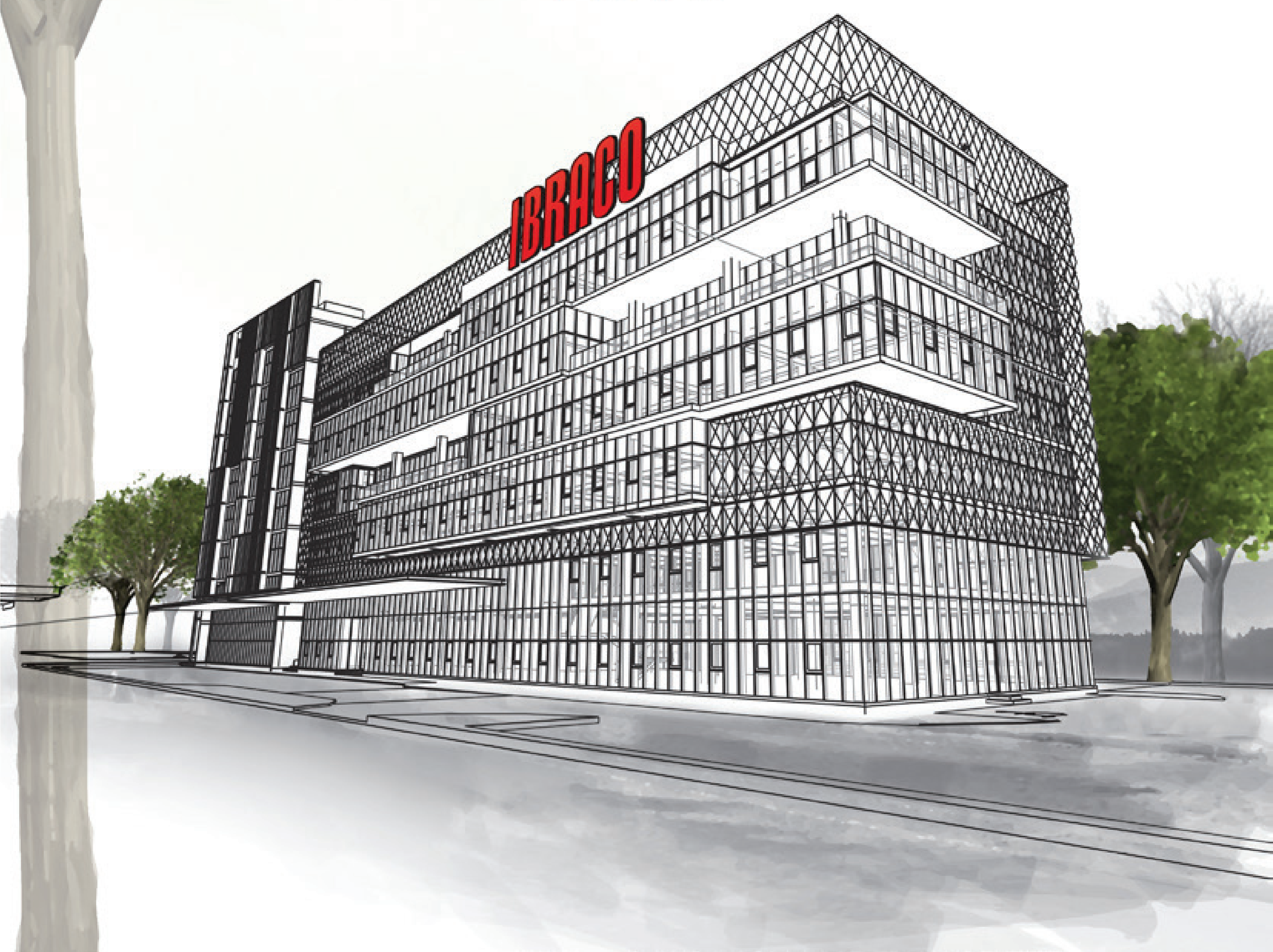
IBRACO BERHAD
(197101000730 (011286-P))

annual report
2019



CONTENTS

OUR VISION

To Be The Leading Conglomerate In The Building Industry

OUR MISSION

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

OUR VALUES

Responsibility & Accountability

—

Excellence In Service

—

Customer Focus

—

Respect Oneself And Fellow Colleagues

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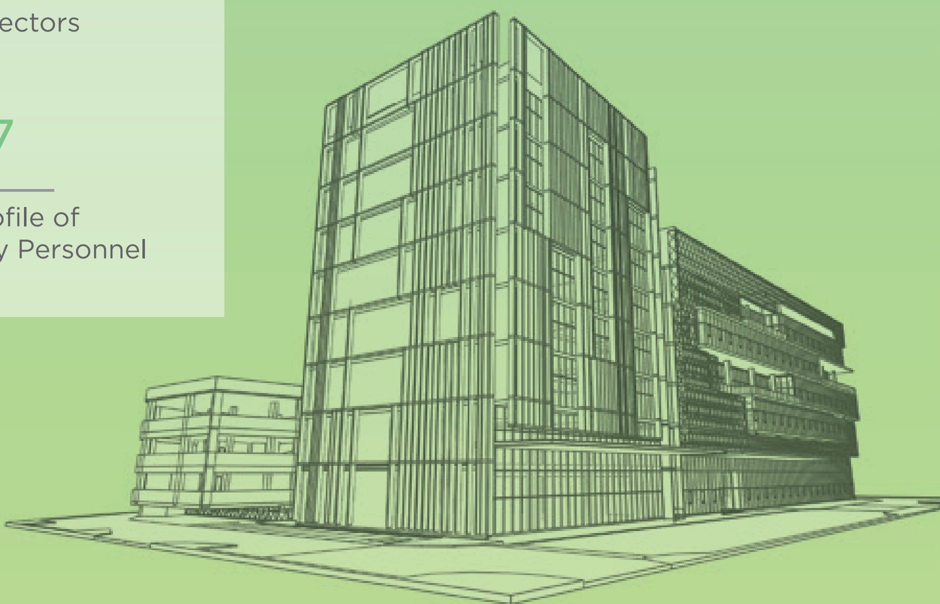


CORPORATE INFORMATION

DIRECTORS

Mr. Ng Cheng Chuan	Chairman
YBhg. Datuk (Dr.) Philip Ting Ding Ing	Deputy Chairman
YBhg. Datuk Chew Chiaw Han	Group Managing Director
Mr. Liu Tow Hua	Executive Director
Puan Sharifah Deborah Sophia Ibrahim	Non-Independent Non-Executive Director
Mr. Guido Paul Philip Joseph Ravelli	Independent Director
Mr. Ng Kee Tiong	Independent Director

COMPANY SECRETARIES

Yeo Puay Huang (SSM PC No.:202008000727) (LS 0000577)
May Wong Mei Ling (SSM PC No.:202008002420) (MIA 18483)

REGISTERED OFFICE

Ibraco Berhad (197101000730 (011286-P))
No.6 The NorthBank,
Off Kuching-Samarahan Expressway,
93350 Kuching, Sarawak, Malaysia.
Tel: 082-361111 Fax: 082-361188

AUDITORS

Messrs. Ernst & Young PLT
3rd Floor, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak
Tel: 082-752668 Fax: 082-421287

STOCK EXCHANGE LISTING

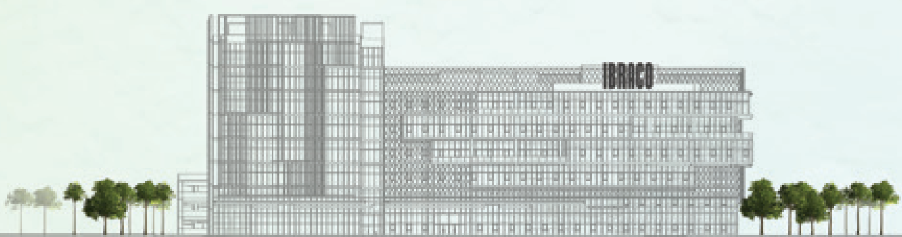
Main Market of the Bursa Malaysia Securities Berhad
Stock Name: IBRACO
Stock Code: 5084

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd. (197701005827 (036869-T))
Level 7 Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur
Tel: 03-2084 9000 Fax: 03-2094 9940

WEBSITE

www.ibraco.com



GROUP CORPORATE STRUCTURE

IBRACO BERHAD
(197101000730 (011286-P))

- 100% Ibraco Quarry Sdn. Bhd. (198301005406 (99809-T))
- 100% Syarikat Ibraco-Peremba Sdn. Bhd. (197401003324 (20491-M))
- 100% Ibraco Spectrum Sdn. Bhd. (200301008271 (610691-M))
- 100% Ibraco Infinity Sdn. Bhd. (200301004033 (606453-W))
- 100% Ibraco Construction Sdn. Bhd. (200201024319 (591982-H))
  - 70% Ibraco Construction Polybuilding Construction JV Sdn. Bhd. (201901017388 (1326716-H))
  - 70% Dynaciate Engineering Ibraco Construction JV Sdn. Bhd. (202001008013 (1364333-M))
- 100% Foso One Sdn. Bhd. (200301010005 (612425-M))
- 100% NewUrban Sdn. Bhd. (201801011013 (1273029-H))
- 100% Sekitar Gemilang Sdn. Bhd. (202001013693 (1370013-U))
- 75% Ibraco Pelita Sdn. Bhd. (201301004433 (1034276-W))
- 74% Ibraco Ascent Sdn. Bhd. (201601000803 (1171729-H))
- 70% Ibraco HGS Sdn. Bhd. (201101036040 (964174-A))
  - 80% Warisar Sdn. Bhd. (201201025044 (1009534-M))
- 70% Ibraco Plantation Sdn. Bhd. (201301042442 (1072264-T))
- 49% IBRACO HELP Education Sdn. Bhd. (201701035413 (1249584-P))
  - 70% HELP IBRACO CMS Sdn. Bhd. (201801007946 (1269960-U))
- 50% NorthBank Specialist Hospital Sdn. Bhd. (201901012601 (1321929-D))

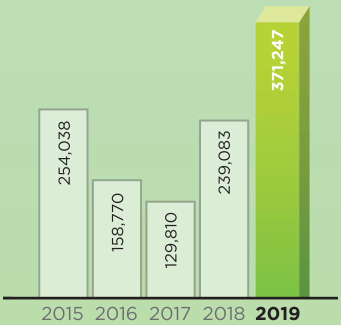
GROUP FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL SUMMARY

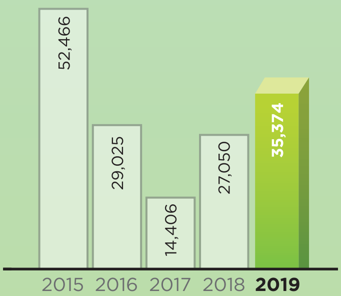
	2015	2016	2017	2018	2019
Revenue (RM'000)	254,038	158,770	129,810	239,083	**371,247**
Profit before taxation (RM'000)	70,251	40,378	18,493	37,937	**48,587**
EBTIDA (RM'000)	76,195	46,241	23,524	52,929	**62,036**
Net profit after taxation (RM'000)	52,466	29,025	14,406	27,050	**35,374**
Profit attributable to owners of the Company (RM'000)	45,958	27,074	14,499	26,945	**34,614**
Basic earnings per ordinary share (sen)	11	5	3	5	**7**
Gross dividend per share (sen)	3.50	3.50	2.75	1.50	**1.00**
Dividend payout ratio (%)	33	60	95	28	**14**
Net gearing ratio (%)	37	36	41	47	**52**
Shareholders' equity (RM'000)	311,956	314,019	315,104	338,326	**360,556**
Total Assets (RM'000)	552,576	542,967	608,976	721,693	**795,612**
Net assets per share (RM'000)	0.63	0.63	0.63	0.68	**0.73**
Return on shareholders' equity (%)	15	9	5	8	**10**
Return on total assets (%)	14	9	4	7	**8**
Total borrowings (RM'000)	155,424	140,641	180,571	246,258	**265,911**
Current assets (RM'000)	293,547	426,166	465,913	554,756	**568,550**
Current liabilities (RM'000)	147,117	154,000	226,431	250,036	**279,468**
Current ratio (times)	2.00	2.77	2.06	2.22	**2.03**

	RM0.50				
Issued and fully paid-up share capital of ('000)	496,406	496,406	496,406	496,406	**496,406**
Share price performance (RM)					
Closing	1.06	1.00	0.78	0.60	**0.70**

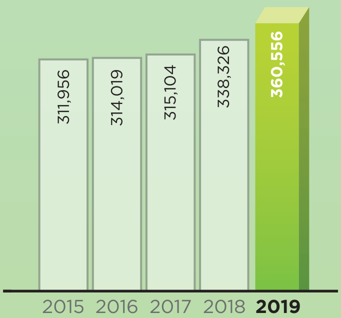
REVENUE (RM'000)



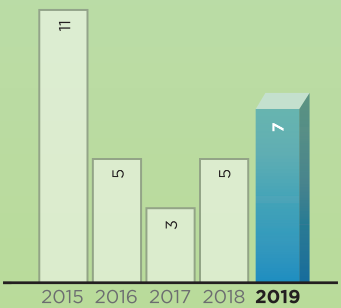
PROFIT NET OF TAX (RM'000)



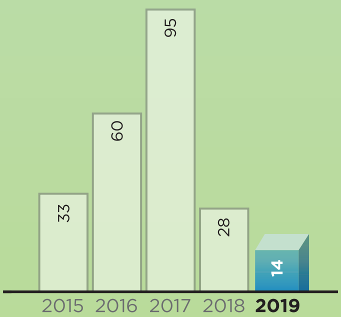
SHAREHOLDERS' EQUITY (RM'000)



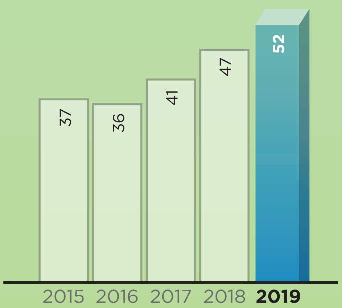
BASIC EARNINGS PER SHARE (Sen)



DIVIDEND PAYOUT RATIO (%)



NET GEARING RATIO (%)



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

I am delighted to present the Company's Annual Report for the year ended 31 December 2019 ("**FY2019**").

With the Group's outstanding operational performance, we have achieved improved results, recording a revenue of RM371.2 million, an increase of RM132.1 million or 55% as compared to the previous year's revenue. The results exceeded our budget, and achieved net profit of RM35.4 million for FY2019, resulting an increase of 31% as compared to the previous year's of RM27.1 million.

Property development segment continue to be our major revenue driver on segmental basis, where it recorded RM271.5 million, followed by our construction segment (RM95.8 million) and other operations (RM4.0 million).

Further details of the Group's financial performance are deliberated in our Management Discussion and Analysis By The Group Managing Director on pages 7 to 12 of this Annual Report.

Sustainability

Since last year, we have committed ourselves to build up our sustainability culture by focusing on the impact on the economic, environment and social aspects from our operations. Property development is one of the sectors that affects the ecosystem of the environment, however at the same time, it brings shelters to the communities. We acknowledge and are making efforts in minimizing such impact. From designs, materials used, contractor selections, we make sure that we provide quality products to our customers while able to enjoy the ambience of the green environment. Contractors are one of our major stakeholders who play an important role to our product quality and their waste management will have an impact to the surrounding communities. We are working towards a collaboration with our contractors to improve the waste management and protecting the environment whilst we strive to maintain the quality standard of our products to ensure customers satisfaction.

Corporate Social Responsibility ("**CSR**") is one of the important roles of the Group to the society, through serving back to make a better living to the communities. HOPE Place, the non-profit organization continues as our CSR partner, while our employees have been voluntarily donating in monetary or goods terms to support them; we, as an organization provide free usage of office space and monthly cash sponsorship. During the year, we celebrated another collaboration with HOPE PLACE by opening a 2nd hand shop at our vibrant commercial centre, TT3 Plaza. We provided space for storage and sell of items donated by good samaritan where items donated are sold as a token whilst the proceeds at channel to help the needy. Besides that, in response to the always in need of supply from Blood Bank, we have organized blood donation campaign with positive support from our employees, and we plan to make it as our regular CSR activities in the coming years.

Forward Looking

The uncertainties in global economy, the changing in local political landscape coupled with the COVID-19 pandemic have posted the market to be challenging ahead. The COVID-19 pandemic that led to restrictions in social and economic activities, has prompted people to adopt wait-and-see attitude as priorities are given to manage their livelihood. Nevertheless, we will continue to adopt a cautious approach in strategizing our launches of our property products that fit into market needs, while acknowledging affordability of homes continues to be the key consideration for buyers. In addition, we will be continuously exploring opportunities to optimise our operations through joint ventures or strategic collaboration. As the Sarawak government is aggressively pushing for infrastructure upgrading, the Group is eyeing on bagging more government projects to cater the uncertainties in property market.

Our current flagship development, The NorthBank, has been showing positive indicators of development on this 123-acre land. The development received good response for each launching, for both residential and commercial properties. The 5-year flagship development consists of varieties, shop offices, SOHOs, apartments, landed residential properties, retail outlets and office space. Ibraco's venture into the education line has been crystalized when Tunku Putra-HELP School officially began its new academic year at the new campus at the NorthBank in January 2020.

In the pipeline includes our upcoming development at Bandar Petaling Jaya Selatan land. Barring unforseen circumstances we are targeting to kick off the development by year end 2020. Moreover, we also will continue our development in Bintulu with the launching of shop offices and residential.

Acknowledgements

On behalf of the Board, I would like to thank the management team and all employees for their dedication, commitment and resilience in maintaining and delivering better results amidst the challenging year. My warmest gratitude also extended to our valued shareholders, customers and clients, bankers, government departments and agencies, and business partners for their unwavering support and confidence in our Group. To my fellow Board members, thank you for your guidance and continuous support.

Ng Cheng Chuan
Chairman

HOPE Place 2nd hand shop


Blood donation


Blood donation

MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP MANAGING DIRECTOR

Overview of the Group's Business and Operations

Ibraco Berhad has been in the forefront of property development for more than 40 years. The vast building experience has led the organization to maintain and build on its good reputation for its quality works, timely delivery of its development projects. The Group has been actively running property developments in Kuching and Bintulu, Sarawak and West Malaysia. While striving to achieve the Group's vision to be the leader in building industry, the Group has also ventured into education line, quarry operation and government projects.

Financial Performance Review

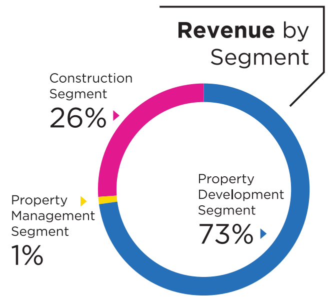
It is proud that with the great efforts and tireless dedication from the management team, the Group has achieved commendable results despite tough challenges in the market. While the economy remained challenging, the Group's revenue and profit after tax managed to record at RM371.2 million and RM35.4 million respectively, representing a year-on-year increase of 55% and 31% respectively from FY2018. Despite the slight delays in a few launches of our NorthBank flagship development due to delay of approval of the revised plans, the Group still received encouraging response from the market during the year.

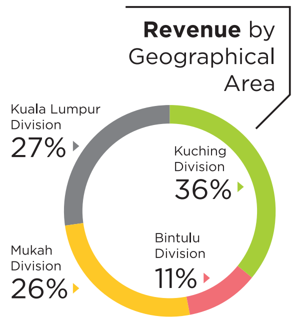
The property development segment remained the main contributor of the Group's revenue, with 73% of the current year's aggregated revenue, followed by the construction segment with 26%. The Group's revenue was primarily recognized from the sales of Small Office Home Office ("**SOHO**") and SOHO Commercial at TT3 Plaza and Bintulu Town Square, sales of apartment suites and commercial lots at ContiNew, Kuala Lumpur, and sales of properties at The NorthBank, namely the serviced apartments Avona Residence, residential houses Nova 72 and three-storey shop offices The NorthBank Business Exchange ("**NBX**") Phase 1. The sales in the Group's inventories had also contributed to the revenue, representing 8% of the total property development segment. The Group has RM295.6 million unbilled sales and outstanding order book of RM132.3 million as at 31 December 2019.

The construction segment consists of the construction of the new Airport at Mukah, Sarawak and a newly awarded contract during the year from Jabatan Bekalan Air Luar Bandar, Kuching, Sarawak for the Design, Construction, Completion, Testing and Commissioning of Proposed Package NR4 (Northen Region) for Sarawak Water Supply Grid Programme – Stressed Areas.

The Group's administrative expenses recorded an increase of 27% from RM19.2 million from previous year to RM24.4 million in the current year. This was mainly due to the increase in staff costs, professional fees and impairment of property development costs incurred on a joint venture development project where the development approval has been put on hold.

The Group's loan and borrowings have increased slightly by 8% from RM246.3 million in FY2018 to RM265.9 million in FY2019, primarily due to the drawdown of financing facilities for the ongoing



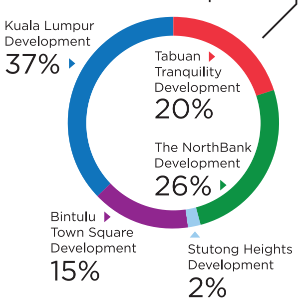


TT3 Plaza

projects, namely ContiNew in Kuala Lumpur, construction of Tunku Putra-HELP School and the Group Corporate Office, and the construction of the new Airport at Mukah, Sarawak. Meanwhile cash and bank balances decreased from RM47.5 million as at the end of last financial year to RM25.3 million as at 31 December 2019. This is largely attributable to repayment of loans and project financing, internal funds for capital expenditure for business expansion.

The positive results achieved enabled earnings per share to increase from 5 sen in previous financial year to 7 sen for FY2019. This caused shareholders' funds to grow from RM353.9 million as at 31 December 2018 to RM377.3 million as at 31 December 2019.

Property Development Segment Revenue by Project Development

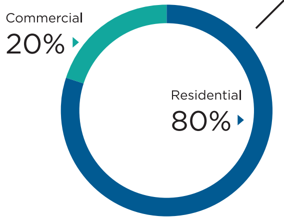


Review of Operating Activities

Tabuan Tranquility Development, Kuching

TT3 SOHO

Property Development Revenue by Property Type



Tabuan Tranquility has completed its final phase of residential and commercial development with 167 units of SOHO and the lock-up retail outlet within the SOHO during the year. The SOHO development is estimated to generate a gross development value ("**GDV**") of RM81 million. Tabuan Tranquility, an integrated development project spanning over 173 acres, comprising a hypermarket, commercial hub with banks, eateries, fashion and lifestyles retail outlets, as well as more than 1,200 units of medium to high end residential properties.

The Tabuan Tranquility project has generated 14% of the Group's revenue, primarily from TT3 Plaza and the SOHO project.


AVONA Residence

The NorthBank, Kuching

The NorthBank, our highly anticipated mixed development project will be our major focus in the next five years. Sitting on 123-acre of land, the NorthBank is located right opposite Ibraco's flagship development Tabuan Tranquility. This new township creates vibrant economy and convenience to the surrounding communities, combining the popularity of landed residences with the growing trend of high-rise developments and complemented with commercial components. The NorthBank offers purchasers with choices of various type of residences built within a walking distance to commercials, office units and other community facilities namely social clubhouse, educational institution and healthcare.

Apart from the overwhelming response from NOVA 72 launched in 2018, the Group has launched the NBX Phase 1 – 23 units of commercial lots, the Avona Residence – a two 12-level towers of 298 units of serviced apartments, and the Alyvia Residence – 102 units of townhouse in March, June and November respectively during the year. Tunku Putra-HELP School, which was officially launched in November 2019, signified another milestone for Ibraco's venture into education. The school has commenced operations in January 2020, which will in turn enhance the value of the surrounding development.

For FY2019, the NorthBank development has contributed RM70 million, representing 19% of the Group's total revenue.

THE NORTHBANK
DISCOVER THE ESSENCE OF BALANCE

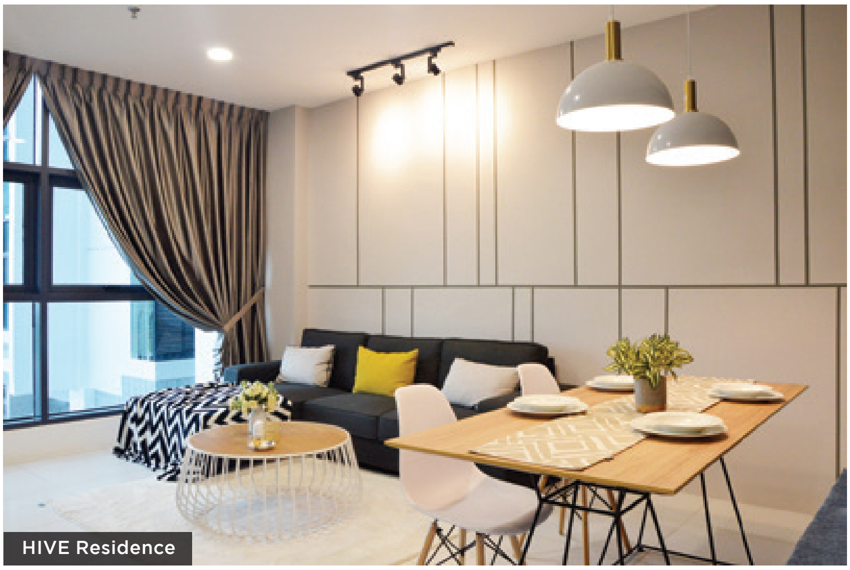

ALYVIA Residence

Town Square Bintulu, Bintulu

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

The first phase of the Bintulu Town Square development comprises 75 units of 3-storey shop offices and an 8-storey office block with an estimated GDV of RM136 million and completed in early 2016. The lock-up retail plaza that is also part of the first phase development was completed in early 2017. The Group has launched the Bintulu Town Square Phase 2 development in last quarter of 2016. It comprises 13-storey of 158 SOHO units with lock-up retail outlets, with an estimated GDV of RM65 million.

For FY2019, the Group recognized RM41.2 million from both phases, representing 11% of the Group's total revenue.


HIVE Residence


HIVE Residence


HIVE Residence

CONTINEW

CONTINEW

CONTINEW, Kuala Lumpur

The Group's maiden foray in West Malaysia, ContiNew, which is located in Kuala Lumpur City Centre, was officially launched in February 2017. It is a dynamic mixed development that consists of two residential towers, sitting above a vibrant commercial space comprising 4 units of 3-storey commercial/retail shops, 30 units of retail/office spaces and 510 units of serviced apartments. This mixed development is estimated to have a GDV of over RM400 million. For FY2019, it has generated RM100.7 million, representing 27% of the Group's total revenue.

Construction Segment

In 2017, the Group was awarded a contract from Jabatan Kerja Raya, Kuching, Sarawak for the construction and completion of the new Airport at Mukah, Sarawak. The Project, amounting to RM302.64 million, is scheduled to complete in year 2020.

Furthermore, the Group has received and accepted a contract from Jabatan Bekalan Air Luar Bandar, Kuching, Sarawak during the year for the Design, Construction, Completion, Testing and Commissioning of Proposed Package NR4 (Northen Region) for Sarawak Water Supply Grid Programme – Stressed Areas (“**NR4 Project**”). The contract amount for the NR4 Project is RM44.9 million and to be completed in second half of 2021.

Both projects have generated RM95.8 million, representing 26% of the Group’s total revenue for FY2019.

Anticipated or Known Risks

The rapid outbreak of COVID-19 pandemic has affected the businesses and economy in Malaysia and beyond. The Group anticipates the possibilities of holding back on purchasing and/or investment decisions of buyers on reconsideration of their priorities after the COVID-19 crisis, hence, the Group will closely monitor and take a prudent approach towards the situation. For launches of new projects, the Group will conduct in depth analysis and market feasibility studies, and other factors on all projects before launch in order to mitigate the market and financial risks.

Future Prospects

Riding on the success of ContiNew Kuala Lumpur, the Group continues to venture in West Malaysia with the newly-acquired land last year at Bandar Petaling Jaya Selatan. The Land is approved for mixed commercial development, and the Group aims to commence development in 2020, taking into consideration the revision of statutory requirements and the market needs. The Group is confident the Land will enhance the future earnings potential of the Group and its presence in West Malaysia.

As the Group currently has bagged two government projects as mentioned above, the Group is also actively bidding for government’s construction and infrastructure projects to strengthen the Group’s source of income.

The capital expenditure (“**CAPEX**”) of the Group consist of the construction of Corporate Office with an aggregate CAPEX of RM45 million and shall be completed in 2020. The Group has also ventured into quarry business in 2019, committing RM14 million in plants and equipments. These CAPEX were funded via bank borrowings and internally generated funds.

The Group has consistently paid out dividends over the years despite that the Group does not have any dividend policy. Generally, the dividend payments depend upon a number of factors, namely the earnings, capital commitments, financial conditions, future expansion outlays as well as other factors to be considered by the Board.

The NORTHBANK

PROFILE OF DIRECTORS

NG CHENG CHUAN

Chairman

Singaporean | Age 61 | Male

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

Mr. Ng is the Chairman of Crossland Marketing (2000) Pte Ltd and several other companies in Singapore, Malaysia and Thailand dealing mainly with soft commodities, farming and warehousing. Mr. Ng has more than 35 years of extensive experience in the areas of sales and purchasers of soft commodities.

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

DATUK (DR.) PHILIP TING DING ING

Deputy Chairman

Malaysian | Age 68 | Male

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

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

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

Datuk Ting is the Honorary Consul for Australia in Sarawak and the Deputy President of the Sarawak Chamber of Commerce and Industries. He is also a Board and Council Member of Swinburne University of Technology, Sarawak, Chairman of the University's finance committee and Chairman of Swinburne Innovation Sdn Bhd. Datuk Ting also sits on the Board of National Bank of Abu Dhabi Malaysia Berhad, Employees' Provident Fund and as Deputy President of Sarawak Business Federation.

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

PROFILE OF DIRECTORS

DATUK CHEW CHIAW HAN

Group Managing Director

Malaysian | Age 43 | Male

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

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

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

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

LIU TOW HUA

Executive Director

Malaysian | Age 60 | Male

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

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

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

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

SHARIFAH DEBORAH SOPHIA IBRAHIM

Non Executive Non Independent Director

Malaysian | Age 57 | Female

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

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

NG KEE TIONG

Non Executive Independent Director

Malaysian | Age 52 | Male

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

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

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

PROFILE OF DIRECTORS

GUIDO PAUL PHILIP JOSEPH RAVELLI

Non Executive Independent Director

British | Age 69 | Male

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

Born in the United Kingdom, he studied civil engineering at King's College, University of London. Graduating with a Bachelor of Science (Hons) degree in Civil Engineering, he furthered his studies at Ecole Centrale des Arts et Manufactures, Paris. Commencing his working career with a major building contractor in Paris, he soon elected to pursue an international career in the field of construction. Since joining Bouygues Construction in France in 1974, he has accumulated more than 40 years of experience in the development, implementation and management of building, public works and built-operate-transfer projects in France, Portugal, Hong Kong and Malaysia and 9 years of experience in the oil and gas industry.

In 2000, the President of France conferred a national honour on him by making Paul Ravelli a Chevalier de l'Ordre National du Merite, in recognition of his contribution to the profession and to Franco-Asian business relations. Amongst the significant projects with which he has been associated are in Hong Kong, the HSBC Head Office, Pacific Place development, the National Stadium and the Convention & Exhibition Centre, and in Malaysia, the KL Sentral Station.

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

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

PROFILE OF KEY PERSONNEL

Felix Su Kuang Yiaw, Malaysian, age 61, male, is the Project Director of Ibraco Group. He obtained Bachelor of Civil Engineering from Ryerson University, Canada. He has over thirty years of experience in the construction industry, with niche technical knowledge in upgrading and construction of airports within Sarawak. He joined the Group in 2017.

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

May Wong Mei Ling, Malaysian, age 46, female, is the Assistant to Managing Director cum Company Secretary. She qualifies as a Chartered Accountant with the Association of Chartered Certified Accountants (ACCA). She is also a member of the Malaysian Institute of Accountants. She was the Chief Financial Officer and Company Secretary of Sarawak Consolidated Industries Berhad for 6 years before joining the Group on 1 February 2010.

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

Chai Ming Hsia, Malaysian, age 44, female, has more than 10 years of experience in Quantity Surveying for consultancy, developer and construction firms prior to joining Ibraco Group on 21 May 2013 as Project Special Assistant. She was later appointed as the Senior Contracts Manager in 2016. Her past projects include high end residential development, biogas plant and wastewater treatment plant. She graduated with a Bachelor's Degree in Construction Management and Economics from Australia.

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

Jonathan Teo Kui Theng, Malaysian, age 52, male, joined the Group as Senior M&E Manager on 1 December 2016. He has more than 10 years of experience in managing building works and M&E packages for major development projects in Sarawak, including the Sarawak International Medical Centre, as well as Sarawak Energy Berhad's headquarters building. He graduated with BSc. Engineering in Mechanical and Production from Singapore.

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

Chung Yng Yng, Malaysian, age 45, female, has joined Ibraco Group on 2 April 2018 as Senior Architect and Planning Officer. She graduated from her Architectural Studies in U.K and she is a qualified architect in Malaysia (LAM, PAM) as well as U.K (ARB, RIBA). Her architectural experience includes mixed-use developments, residential, commercial, industrial projects and aged care centre. She has over 10 years working experience in U.K and more than 6 years in Malaysia as a senior architect.

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

Ng Suk Ling, Malaysian, age 42, female, has joined Ibraco Group on 1 November 2018 as Group Internal Auditor. She qualifies as a Chartered Accountant with the Association of Chartered Certified Accountants (ACCA). She is also a member of the Malaysian Institute of Accountants. She has more than 17 years of working experience in the field of auditing, finance, tax matters and group reporting. Prior to joining Ibraco, she spent 4 years in audit with a reputable audit firm and 11 years in group reporting, finance and tax matters with a public listed company

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Ibraco is committed to conduct business operations integrate with good corporate governance practices throughout the Group. The Board believes in maintaining good corporate governance as the fundamental tools in discharging the Board's responsibility of protecting and enhancing shareholders' values consistent with acceptable levels of risks. The Board firms up a governance framework that is guided by the Malaysian Code on Corporate Governance ("MCCG"). This Statement provides a summary of Ibraco's corporate governance practices during the financial year ended 31 December 2019 with reference to the 3 Principles which set out in MCCG. The Corporate Governance Report for the financial year ended 31 December 2019 is available on Ibraco's website at www.ibraco.com.

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

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

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

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

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

Board's role in setting strategy

Ibraco has established and formalized a Board Charter which clearly sets out the roles and responsibilities of the Board and serves as a reference for Board activities and those delegated to Management.

The Board has assumed the following principal responsibilities in discharging its fiduciary functions:-
(i) reviewing and adopting strategic plan, as developed by Management, that promote sustainability within the aspect of environmental, social and governance;
(ii) overseeing the conduct of the Group's business in accordance with its strategic plan and budget;
(iii) monitoring the performance of Management to ensure sound financial and operational management;
(iv) identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
(v) overseeing and review in the identification and management of sustainability matters;
(vi) overseeing the development and implementation of investor relations and shareholder communication policy;
(vii) ensuring succession planning are in place for the orderly succession of senior management;
(viii) reviewing the adequacy and integrity of the Group's management information, risk management and internal control system, ensuring there is a sound framework of reporting, internal controls and regulatory compliance; and
(ix) overseeing the Group's adherence to appropriate corporate governance structure and ethical corporate behavior.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

Code of Conduct and Ethics

Ibraco has adopted a set of Code of Conduct and Ethics to establish a strong corporate culture to guide Directors and employees to commit themselves to ethical standards and conduct at work. The Code of Conduct and Ethics is subject to periodical review.

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

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

The Code of Conduct and Ethics is available on Ibraco's website at www.ibraco.com.

Whistle-Blower Policy

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

The Whistle-blower Policy is designed to:-
(a) support the Company's values;
(b) ensure employees or members of the public can raise concerns without fear of reprisals and safeguard such person's confidentiality;
(c) protect a whistle-blower from reprisal as consequence of making a disclosure; and
(d) provide a transparent and confidential process for dealing with concerns.

The Whistle-blower Policy is available on Ibraco's website at www.ibraco.com.

Anti-Bribery and Corruption Policy

Ibraco has also established and adopted a set of Anti-Bribery and Corruption Policy to commit integrity in conducting business in accordance to the guidance of the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysia Anti-Corruption Commission Act 2009.

The Anti-Bribery and Corruption Policy is served as Ibraco's overall position on bribery and corruption in all its forms and Directors are bound to this Policy and shall act professionally with integrity in their performance of their duties. The Anti-Bribery and Corruption Policy is subject to periodical review, and is accessible on Ibraco's website at www.ibraco.com.

Roles of Chairman and Group Managing Director

The respective roles and responsibilities of the Chairman of the Board and the Group Managing Director are held by 2 different individuals, where such division is to ensure that there is clear and proper balance of power and authority.

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

The Group Managing Director has overall responsibilities over the Group's operational, organizational effectiveness and implementation of Board policies, directives, strategies and decisions. At the management level, several committees namely Risk Management Committee, Sustainability Working Committee and Tender Committee have been established to ensure good governance and practices are upheld at all times in the Group's operations and business dealings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

Qualified and Competent Company Secretaries

The Board is regularly updated and advised by the joint Company Secretaries, who are qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The joint Company Secretaries oversee adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators, as well as any changes to regulatory requirements that may affect the Company and the Board. The in-house Company Secretary ensures the Board papers are circulated prior to the Board meetings to ensure sufficient time is given to the Directors to read and seek any clarification that they may need from the Management or Company Secretaries or consult independent advisers, before the Board meetings. In addition, the in-house Company Secretary also attends all Board and Board Committee meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. All Directors also have access to independent professional advice where appropriate, at the Company's expenses.

Board Charter

Ibraco has established and formalized a Board Charter which clearly sets out the roles and responsibilities of the Board and serves as a reference for Board activities and those delegated to Management.

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

Board Composition and Independence

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

The Directors have wide range of experience and expertise and have contributed significant in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. The Executive Directors in particular, are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business strategies adopted whilst the Independent Directors provide balanced and independent views and judgement to the Board.

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

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

Tenure of Independent Directors

Datuk (Dr.) Philip Ting Ding Ing, Mr. Guido Paul Philip Joseph Ravelli and Mr. Ng Kee Tiong were appointed as Non-Executive, Independent Director on 1 April 2001, 1 May 2002 and 15 April 2010 respectively and hence have served the Company in their present capacity for more than nine years. The Board is satisfied with the skills, contribution and independent judgement that they bring to the Board. In view thereof, the Board recommends and supports their re-appointment as Independent Director of the Company, which will be tabled for shareholders' approval at the forthcoming 48th Annual General Meeting of the Company. As both Datuk (Dr.) Philip Ting Ding Ing and Mr. Guido Paul Philip Joseph Ravelli have served the Company more than twelve years, the shareholders' approval will be sought through a "two-tier" voting process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

Nomination Committee ("NC")

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

Committee Members

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

Key Responsibilities of the NC

(a) To assess and recommend new Directors to the Board and Boards of the Group. For the position of Independent Non-Executive directors, the NC shall also evaluate the candidate's ability to discharge such responsibilities as expected from Independent Non-Executive directors.
(b) To review annually the mix of skills, knowledge, professionalism, integrity and experience, and other qualities to enable the Board to function completely and efficiently.
(c) Review the size, structure and composition of the Board.
(d) Annual assessment that the number of Independent Directors on the Board is sufficient to meet the regulatory requirements, and make such recommendation to the Board, where necessary.
(e) Annual evaluation of the Board's and Board Committees' performance. Performance assessment shall be used to assess whether the directors are spending enough time to fulfil their duties.
(f) Identify and develop succession plan for those in key positions in senior management.
(g) Make recommendation to the Board concerning the succession plan for Directors, in particular the Chairman and Managing Director and the re-appointment of Director at the conclusion of the term of office.

Summary of Activities of the NC during the Year

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

For the financial year ended 31 December 2019, the NC has conducted its annual assessment of the Board, Board Committees and Individual Directors using a set of detailed questionnaire completed by Directors. The results of the assessment were compiled by the Company Secretary and tabled to the Board for review and deliberation. The Board is satisfied that the size of the Board and those of the various committees is optimum and concluded that the composition of the Board has an appropriate mix of skills and core competencies and that all the members of the Board and various committees are suitably qualified to hold their positions as Directors in view of their respective academic and professional qualifications, experiences and qualities.

Board Diversity

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

Apart from the Board, the Group promotes gender diversity at the management and staff level. The Group recorded 34% female workforce at Group level and 67% female at Senior Management level.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

Time Commitment

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

During the year ended 31 December 2019, the Board met on five (5) occasions where it deliberated upon and considered a variety of matters including business plans and the future direction of the Group, Corporate Governance, Risk Management, Group Policies and Group Financial Results.

Details of Directors' attendances of Board Meetings in 2019 are as follows:-

Directors	Numbers of Board Meetings attended
Ng Cheng Chuan	4/5
Datuk (Dr.) Philip Ting Ding Ing	5/5
Datuk Chew Chiaw Han	5/5
Liu Tow Hua	5/5
Sharifah Deborah Sophia Ibrahim	3/5
Guido Paul Philip Joseph Ravelli	5/5
Ng Kee Tiong	5/5

Directors' Training

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

During the financial year under review, the Directors, individually or collectively, attended various training programs and seminars as set out below:-

Date	Courses
3 & 4 April 2019	Malaysian Tax Conference 2019: Malaysia Baru's Tax Reform Agenda – What's Next?
15 April 2019	Audit Committee Conference 2019: Meeting the New Expectations
26 & 27 June 2019	MBRS for Preparers: Financial Statements
5 September 2019	Risk Management Conference 2019: Governance and Risk in a Digital World
4 & 5 October 2019	Cultivating a Practical Winning KPIs at Workplace
24 October 2019	Budget 2020 Seminar – Achieving Dynamic Growth for Shared Prosperity
22 November 2019	Invitation to SC Audit Oversight Board Conversation with Audit Committees
2 December 2019	MFRS Applications and Implementation Committee Awareness Program

Remuneration Committee ("RC")

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

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

The Committee is responsible for reviewing and recommending the remuneration of all the Executive Directors of the Group ensuring that the remuneration framework is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high caliber individuals to pursue the long-term growth and success of the Group.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

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

The remuneration of the Executive Directors and Non-Executive Directors of the Group for the year ended 31 December 2019 is set out as follows:-

	From the Company				From Subsidiary Companies	
2019	**Fees(i)**	**Other emoluments(ii)**	**Benefits-in-kind**	**Company Total**	**Fees(i)**	**Group Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Executive Directors						
Datuk Chew Chiaw Han	-	747,614	29,800	777,414	18,000	795,414
Liu Tow Hua	-	375,312	8,800	384,112	18,000	402,112
	-	1,122,926	38,600	1,161,526	36,000	1,197,526
Non-Executive Directors						
Ng Cheng Chuan	276,700	-	-	276,700	-	276,700
Datuk (Dr.) Philip Ting Ding Ing	66,000	-	-	66,000	-	66,000
Sharifah Deborah Sophia Ibrahim	48,000	-	-	48,000	8,400	56,400
Guido Paul Philip Joseph Ravelli	84,700	-	-	84,700	-	84,700
Ng Kee Tiong	96,350	-	-	96,350	-	96,350
	571,750	-	-	571,750	8,400	580,150
Total Directors' Remuneration	571,750	1,122,926	38,600	1,733,276	44,400	1,777,676

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

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

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

	From the Company RM
Salaries	2,050,035
Bonus	297,483
Benefits-in-kind	199,050
Other emoluments**	281,028
Total	2,827,596

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

MCCG PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The Audit Committee is established by the Board and comprises three (3) members, whom two (2) of the members are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Chairman of the AC is appointed by the Board and is an Independent Director.

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

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

The details of summary of work by AC for year 2019 are set out under the Audit Committee Report on pages 27 to 30 of this Annual Report.

Internal Audit Function

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

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

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

Relationship with External Auditors

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

Risk Management and Internal Control Framework

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

The overview on the risk management and internal control is set out in the "Statement of Risk Management and Internal Control" on pages 31 to 33 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

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

Relationships with Stakeholders

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

Annual General Meeting

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

Electronic Communications

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

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

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of Ibraco and of the Group as at the end of the financial year and of the results and cash flows of Ibraco and of the Group for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2019, the Group has used appropriate accounting policies on a consistent basis supported by reasonable and prudent judgments and estimates and all applicable approved accounting standards have been complied.

The Directors have ensured that the accounting records to be kept by Ibraco and the Group have been properly kept.

ADDITIONAL COMPLIANCE INFORMATION

Audit and Non-audit Fees

The amount of audit and non-audit fees paid or payable to the External Auditor and a company affiliated to the External Auditors' firm for the year ended 31 December 2019 were as follows:

Purpose	Group (RM)	Company (RM)
Audit Fees	113,000	66,000
Non-Audit Fees		
- Tax advisory, computation and filing	60,511	19,345
- Review of Statement on Risk Management and Internal Control	11,013	11,013
- Review of Housing Development Accounts	15,370	11,660
Total	**199,894**	**108,018**

Related Party Transactions

The value and types of related party transactions entered into by Ibraco Group are shown on pages 132 to 136 of this Annual Report (see Note 27 to the financial statements).

Material Contracts

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

AUDIT COMMITTEE REPORT

The Audit Committee ("**the Committee**") takes on the role of assisting the Board of Directors ("**the Board**") in the discharge of its fiduciary duties, the responsibility of overseeing the financial reporting, corporate governance and corporate control of Ibraco Group.

MEMBERSHIP AND ATTENDANCE

The Committee comprises a majority of Independent Non-Executive Directors with at least one member who is a professional or qualified accountant. Details of their respective attendance at the Audit Committee Meetings held during the year ended 31 December 2019 are as follows:

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

The meetings were appropriately structured through the use of agendas, which were distributed at least one week in advance of the meetings. Papers constituting the agenda were formally presented and were discussed in the meetings. Minutes of all the Committee meetings were circulated to the Board. The Chairman of the Committee reports and made recommendation for approval on key issues deliberated at each meeting to the Board.

The Group Internal Auditor ("**GIA**") is the Secretary of the Committee. Representatives from the External Auditors were invited to attend meetings where necessary. The Managing Director, the Chief Financial Officer ("**CFO**") and the Company Secretary were also present at the meetings by invitation to facilitate direct communications as well as to provide clarification on audit issues and the Group's operations. Other senior executives were invited to attend the meetings with respect to those agenda that concerned them as such.

TERMS OF REFERENCE

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

SUMMARY OF WORK DURING THE FINANCIAL YEAR

The Committee had deliberated various strategies and actions in line with the mandate provided in its terms of reference throughout the year of 2019. The work undertaken by the Committee during the financial year summarised as below:

1. **Financial Results**

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

AUDIT COMMITTEE REPORT (CONTD.)

- Reviewed the annual audited financial statements for year ended 31 December 2018 on 29 March 2019.

- The CFO had on each quarterly Committee meeting, presented and given assurance to the Committee that:
  - Appropriate accounting policies had been adopted and applied consistently;
  - The going concern basis applied in the Annual Financial Statements and quarterly unaudited financial statements were appropriate;
  - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
  - Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and LRs; and
  - The annual financial statements and quarterly unaudited financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2019.

- Reviewed the financial performance of the Group and the quarterly results against financial estimates approved by the Board.

2. The Internal Audit Function

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

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

- At each Committee meeting, the Committee had an executive session with the GIA to discussed problems and reservations arising from internal audits and any matters without the presence of Management.

- At the Committee meeting on 14 November 2019, the Committee had assessed the Internal Audit Function via questionnaires, which aimed to gauge the level of satisfaction with the Internal Audit roles and services, competency and professionalism in governance, risk and controls, as well as the independence and objectivity. The results indicated the Internal Audit Function was satisfactory.

- Reviewed and approved annual training budget to equip the internal audit team with an appropriate level of skills and knowledge to carry out the function effectively.

3. The External Audit Function

- Reviewed the list of services in the Annual Plan 2019 at its meeting on 14 November 2019, which comprised the audit services and recurring non-audit service that may be provided by the external auditors. The recurring non-audit service was in respect of the annual review of the Statement on Risk Management and Internal Control. In considering the nature and scope of non-audit fees, the Committee was satisfied that it was not likely to neither create any conflict of interest nor impair the independence and objectivity of the external auditors. The Committee also reviewed the external auditors' proposed fees for the statutory audit, together with the review of the Statement on Risk Management and Internal Control.

- The Committee deliberated on the external auditors' report at its meeting on 29 March 2019 with regards to the relevant disclosures in the annual audited financial statements for 2018.

- On 29 March 2019, the Committee undertook an annual assessment of the suitability, effectiveness and independence of the external auditors, taking into consideration the Management's feedback on external auditors' performance. Assessment questionnaires were used as a tool to obtain input from the personnel who had substantial contact with the external auditors throughout the year. External auditors' performance was rated using a five-point scale on their ability to provide advice, suggestions or clarifications relating to the presentation of financial statements, ability to provide realistic analysis

AUDIT COMMITTEE REPORT (CONTD.)

of issues using technical knowledge and independent judgement, and maintain active engagement, through both verbal and written communication during the audit process, including their responsiveness to issues. The Committee also took into account the observations of the audit engagement partner and engagement team's performance during the meetings held between the Committee and the external auditors in February and March 2019 respectively. Based on the evaluation conducted, the Committee is satisfied with the external auditors' performance, technical competency and audit independence.

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

4. Related Party Transactions

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

5. Risk Management

- Reviewed the Statement on Risk Management and Internal Control duly confirmed by the External Auditors that no exception was noted and it is in accordance with Audit and Assurance Practice Guide 3 for the publication in the 2018 Annual Report.

- Reviewed reports from the Risk Management Committee and the corresponding action plans to manage such risks at the Committee meeting held on 22 February 2019 and 14 November 2019 to ensure that mitigating measures were appropriate and adequate to help reduce the risk identified to an acceptable and tolerable level in accordance to the risk appetite of the Group.

6. Others

- Reviewed updates on Whistle-Blower Policy and new Whistle-Blower Reporting Form before recommending it for the Board for approval.

- Reviewed Audit Committee Report for inclusion in the 2018 Annual Report and recommended it adoption by the Board.

INTERNAL AUDIT FUNCTION

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

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

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

AUDIT COMMITTEE REPORT (CONTD.)

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

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

The relevant audit reports were presented to the Committee on 22 February 2019, 24 May 2019, 23 August 2019 and 14 November 2019, for deliberation and forwarded to the Management for the necessary corrective actions to be taken.

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

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

The total costs incurred in relation to the Internal Audit Department for year 2019 amounted to approximately RM182,000. The internal audit function was carried out solely by the Internal Audit Department and there were no areas of the internal audit function which were outsourced.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Background

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

This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), Principal B of the Malaysian Code of Corporate Governance and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**the Guidelines**").

Responsibility of the Board

The Board acknowledges its overall responsibility for reviewing the adequacy and effectiveness of the Group's risk management and internal control system. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives of the Group. It can therefore only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

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

The Group has an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the risk management and internal control system when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the MMLR of Bursa Securities and guided by the Guidelines issued by the Taskforce of Internal Control.

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

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

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

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

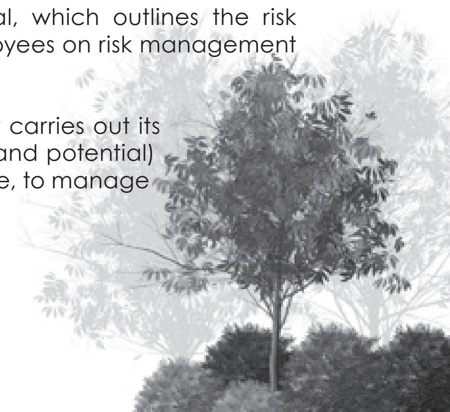
Risk Management Framework

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

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

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

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



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)

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

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

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

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

Internal Audit Function

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

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

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

For control issues that may be raised by the external auditors, the internal auditors will follow up to ensure that significant issues are duly acted upon by the Management in the most timely and appropriate manner.

Other Key Elements

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

Committees at the Various Levels

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

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

Policies and Procedures

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)

Performance Monitoring

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

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

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

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

Review of the Statement by External Auditors

As required by Para 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("**AAPG 3**"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("**MIA**") for inclusion in the annual report of the Group for the year ended 31 December 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

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

Conclusion

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

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

This statement is issued in accordance with the Board's approval on 21 February 2020.

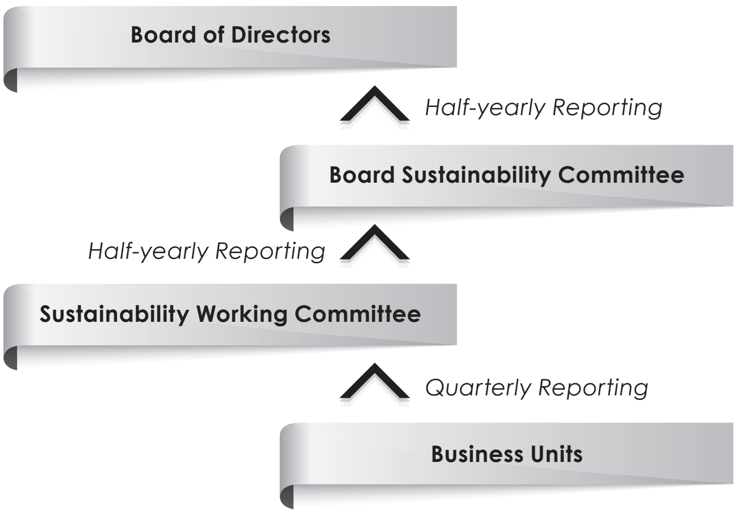
SUSTAINABILITY STATEMENT

The Sustainability Statement discusses our commitment to sustainability and reports our various endeavors to drive the Economic, Environment and Social ("**EES**") targets reported in our 2018 Annual Report.

This Statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and with reference to the Sustainability Reporting Guide – 2nd Edition, including its accompanying Toolkits, issued by Bursa.

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Our Board of Director ("**Board**") is responsible for the stewardship of the Group's business and affairs, setting the Company's long-term strategic direction and safeguarding interests of the stakeholders. The Board has set up various Board Committees to assist the Board in the running of the Group, which, includes the Sustainability Committee to oversee and ensure the Group conducts its business in a responsible manner, in relation to its impact on the environment, economy and society. The Sustainability Committee, which is chaired by our Senior Independent Director, is assisted by the Sustainability Working Committee ("**SWC**"), which comprises Heads of departments to discharge duties of embedding a sustainability culture in our daily business. The reporting process within the governance structure is as follows:-



Our Approach to Sustainability

Last year, the Group conducted an internal workshop session for the SWC to identify sustainability matters in relation to Ibraco's property development and construction activities and their impact on the environment, economy and society including stakeholders' needs and expectations. Following the workshop the SWC conducted a materiality assessment to identify Ibraco's material sustainability matters. The SWC has been continuously monitoring the identified material sustainability matters by incorporating them into our risk management framework to ensure they are addressed as the organisation's risks and opportunities. All material sustainability matters are handled by relevant departments and currently we are trying to link them with departmental key performance indicators which are being developed at the moment. Last year's identified material sustainability matters still remain relevant to our business and stakeholders this year.

SUSTAINABILITY STATEMENT (CONTD.)

STAKEHOLDER ENGAGEMENT

As our operations, products and services impact the daily lives of our stakeholders, we regularly engage with them. The table below lists of our key stakeholders, their key concerns as well as our response to these:

Stakeholder Group	Key Concerns	Type of Engagement	Frequency	Response
Employees	• Remuneration and benefits	• Annual performance assessment	• Annually	• Fair and attractive remuneration package
	• Career development	• Employee engagement survey	• Annually	• Talent development program
	• Workplace health and safety	• Town hall meeting • Awareness talk	• Throughout the year (as and when required)	• Health and Safety awareness talk by Safety Officer or authorities • Emphasis on health and safety during Town hall meeting or induction briefings • To publish Health and safety articles in staff newsletters periodically
	• Work-life balance	• Staff newsletters	• Throughout the year	• To publish articles on work-life balance in staff newsletters periodically
Customers	• Pricing of the property	• Customer satisfaction survey	• Throughout the year	• Launch of affordable properties
	• Quality and workmanship	• Customer satisfaction survey	• Throughout the year	• To obtain customer feedback constantly and via customer satisfaction survey • Preference for ISO 9001 Certified Contractors
		• Company's website/ social media	• Throughout the year	
Communities	• Safety and security	• Contribution to environment and social enhancement	• Ongoing	• To provide auxiliary police services
	• Community investment	• Communities outreach programs	• Ongoing	• Corporate Social Responsibility partner engagement program
		• Donation and financial aid	• Ongoing	• Student financial aid program
	• Environmental issues	• Company's website/ social media	• Ongoing	• To seek for improvement in our waste management • To consider Green design development

SUSTAINABILITY STATEMENT (CONTD.)

Our Material Sustainability Matters

We believe a successful organization depends on getting the right people to run the operations, hence, retaining talent in the organization is essential. Our team is built from a diverse group of people with inspiration and innovation, and we practice non-discrimination giving equal opportunities to potential candidates who join us. We understand that a positive and empowering work environment will make employees feel valued for their contribution to the organization. To support our employees, a well-structured training and career development program is what we aim to provide our employees, to grow together with us.

Running a business while practicing the highest standards of ethics and integrity is crucial for the economy. It is our responsibility to protect the interests of our stakeholders and to ensure our competitive advantage in the market. As such, we have established policies and procedures to align with our commitment in ensuring ethical practices and integrity throughout our operations.

Product quality is a major concern to our customers thus making their satisfaction our priority. We need to constantly obtain their feedback to understand their level of satisfaction with our products and services. It is an important for us to know where we stand in the market and to assure our leading position. One of the ways we achieve this is by only engaging contractors that meet our quality standards.

We understand that our products and operations create environmental impacts and we also acknowledge the importance of preserving the environment for future generations which is why we are looking into green design development. Currently our new corporate office employs a green design concept as will our upcoming property development project in Bandar Petaling Jaya Selatan. We will continue to pursue green certification on a case-by-case basis, targeting at least 10% of our property development projects to be certified in the near future. We recognize that specific environmental impacts can occur during the construction phase of our projects including those caused by releases of silt, construction waste and emissions to air. In addressing these we have put in place control mechanisms through our contractual requirements for the construction contractors to adhere to.

Besides that, occupational health and safety is one of our major concerns due to the nature of our business. In particular, as our site employees are exposed to health and safety hazards at construction sites, we need to take precautionary steps to ensure their wellbeing.

Mapping Materiality Matters to UNSDGs

We have matched our materiality matters to four (4) of the 17 main Sustainable Development Goals ("**SDGs**") that we find most relevant to our operations and aim to align our performance targets with these in the near future:

Material Sustainability Matters	SDG	Focus Area
- Talent Management	5 GENDER EQUALITY	Ensuring gender equality and empowerment.
- Occupational Health and Safety - Talent Management - Ethics and Integrity	8 DECENT WORK AND ECONOMIC GROWTH	Ensuring full and productive employment and decent work.
- Customer Satisfaction - Product Quality - Green Design	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Building resilient infrastructure for the community.
- Green Design	11 SUSTAINABLE CITIES AND COMMUNITIES	Making cities and human settlements inclusive, safe, resilient and sustainable.

SUSTAINABILITY STATEMENT (CONTD.)

Our Material Sustainability Matters Performance

Economic

This reporting year Ibraco achieved positive results compared to 2018 with a net profit of RM35.4 million, recording an increase of 31%, in which the property development segment remains the major contributor to the organization's profits. Details on financial performance are discussed in the Management Discussion and Analysis By The Group Managing Director on pages 7 to 12 of this Annual Report.

Customer service satisfaction

Customer feedback is always a key indicator of our product and service quality. We managed to obtain 100% responses to our customer satisfaction survey for the properties we handed over during the year, which exceeds our target of 60% set for 2019 as mentioned in our last Statement. 93% of the respondents indicated that they were satisfied with our customer service during hand over which is a rating of 4 and above on a 5-star scale.

We continuously seek to improve our services in order to serve our customers better. Market surveys have been carried out throughout the year, by approaching walk-in customers or the public during roadshows, to have a better understanding of the market needs.

Product quality

Timely delivery of quality products is what Ibraco strives for, hence contractors for our construction projects are selected for their services through a rigorous pre-qualification ensures they are competent for the work to be awarded. During the year we have awarded 23 contracts to various contractors namely for piling works, building works and landscaping. We have performed 100% pre-qualification review of the invited tenderers during the tender award process and 3 post-project reviews. Contractors' performance were assessed upon project completion and will be used as track records for future engagements. As for the 3 post-project reviews, the contractors achieved satisfactory performance with an average rating of 61%. We are targeting to have the contractor's overall performance rating to be at least at 70% of our benchmark scale.

We have our own project site teams to monitor contractors, and the project site personnel have the authority to stop any form of work if non-compliance is detected at our construction sites. Moreover, we maintain our construction arm to be certified with ISO9001:2015 Quality Management System. Based on our customer satisfaction survey mentioned earlier, 80% of the respondents indicated that they were satisfied with our product quality upon hand over with ratings of 4 and above on a 5-star scale. To further improve our product quality, we will extend our customer satisfaction surveys to cover the Defect Liability Period as well.

Ethics and Integrity

Ibraco has a set of Code of Conduct and Ethics that establishes a strong corporate culture to guide Directors and employees to commit to ethical standards and conduct at work. Besides that, Ibraco also has adopted an Anti-Bribery and Corruption Policy to ensure integrity in conducting business. A Whistle-Blower Policy has been established to provide employees and other stakeholders an avenue to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way.

Our Code of Conduct and Ethics, Anti-Bribery and Corruption Policy and Whistle-Blower Policy have been communicated to employees during new hire orientation and through our internal staff newsletters. The employees are also required to sign a declaration of commitment to Anti-Bribery and Corruption. We will inform our other stakeholders, namely consultants, contractors and vendors via correspondence on the adoption of the Anti-Bribery and Corruption Policy. Further to that, relevant clauses on Anti-Bribery and Corruption will be included in our contract terms in future engagements. All these policies are available on our website at www.ibraco.com.

We did not receive any Whistle-Blower Reports related to incidents of misconduct or unlawful behavior within the organization for year 2019. We strive to maintain this status in the years ahead.

SUSTAINABILITY STATEMENT (CONTD.)

Environment

Our employees are continuously practicing energy conservation as much as they can, and as we move to our new corporate office this year, a certified green building and necessary educational talks on green savings will be organized to instill the conserving mindset to our employees. Waste management for construction sites is crucial to minimize our impact to the environment. We will collaborate with our contractors to improve disposal of construction waste from our construction sites. The design of our property products will also consider the use of natural lighting and air ventilation to reduce dependence on artificial lighting and air-conditioners in our efforts to cut down carbon emission and these support implementing the green design approach discussed below.

Green Design

Our upcoming new corporate office has been granted Provisional GBI Certification during the year. Besides that, our next project at Bandar Petaling Jaya Selatan, Daerah Petaling, will be designed to meet the Green Real Estate certification by GreenRE. The project is targeted to launch by year end of 2020.

Social

Talent Management

Ibraco recognizes employees as the main driver for our business. As such, we ensure industry best practices are followed within our fair, non-discrimination and growth-oriented human resource policies to attract and retain talent in the Group.

Ibraco's Human Resource Department has embarked on a three-year roadmap from year 2018 to 2020 to continuously improve engagement among employees. Town hall meetings with the Managing Director and gatherings were held during the year to let employees interact with senior management and bond among colleagues. The monthly internal staff newsletter is an avenue to share information or notify of activities held within the Group, focusing on Group-wide communication and branding.

Our Human Resource department managed to conduct an employee survey which was responded to by 70% of our total employees, 5% higher than the target set in the three-year roadmap. Employees' feedback on the working environment and staff development are crucial indicators for talent retention. Our Human Resource personnel received nominations from each head of department on the trainings required from their employees, and training programs were arranged accordingly for staff performance improvement. Currently our Human Resource personnel are working on structured training programs for the Group. The structured training programs include the technical knowledge required by our site personnel to improve site supervision related to quality, safety, health and environment as well as leadership courses for executive and non-executive levels for career development.

We take pride in our 100% Malaysian workforce, which generates economic benefits for the respective local communities. Equal opportunities are given to potential candidates as we believe diversity in the work place can generate a balanced and healthy working environment. We do not discriminate employees on the basis of their ethnicity, gender, age, disability or status and our recruitment policies comply with Malaysian Employment Act 1955, Sarawak Labour Ordinance (ACT A1237) – Chapter 76: Labour, and Children & Young Persons Employment Act 1966. In 2019, the Group's workforce comprised of 34% female employees, with 10% of them holding managerial positions. We will work to maintain a 30% women workforce as set by the Government.

The turnover rate for employees has decreased by 2% as compared to 2018. Such decrease is mainly due to more stable resources hired and similar business operation between 2018 and 2019.

SUSTAINABILITY STATEMENT (CONTD.)

Occupational Safety and Health

We are pleased to report that there have been no fatalities at our construction sites in 2019. We continuously commit ourselves to maintain zero fatalities and no major injuries. We will compile and maintain our Loss Time and Injury ("**LTI**") records for better monitoring of our safety and health at construction sites in the near future. Our construction contractors for our property development projects are required to provide details of their Occupational Safety and Health ("**OSH**") management plans. The safety officer of our construction arm is also required to provide high standards of OSH performance, regular safety briefings to the site workers and monthly reporting to the Management. Our Mukah New Airport project has won an award for Occupational Safety and Health Best Practice in 2019 under the category of projects costing more than RM20 million by JKR Sarawak.

All our site employees are covered under the Social Security Organization, Construction Industry Development Board and personal accident insurance.

Our Head Office's safety and health committee held its periodic meetings to serve as an avenue for the committee to highlight concerns on safety and health issues and relay awareness messages to all work offices across the organization.

*Corporate Social Responsibilities ("**CSR**")*

HOPE PLACE, the non-profit organization, remains our CSR partner during the year. We provide free usage of office and storage space for their daily operation, and also pledge monthly cash sponsorship to subsidize their monthly operating expenses. Our employees contribute via donation either in cash or in goods periodically on a voluntary basis.

During the year, we have set up a student aid program, which provides financial assistance to under-privileged children for the chance of tertiary education. We are looking for eligible candidates that meet the criteria so as to not miss helping those in need.

Conclusion

Ibraco will continuously work towards strengthening our sustainability performance related to economic, environmental and social aspects. We are looking at linking our Key Performance Indicator program with risk including sustainability management for better monitoring.

This Sustainability Statement was approved by the Board on 29 May 2020.

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DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal activities

The Company is engaged in realty development and investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

Results

	Group RM	**Company** RM
Profit net of tax	35,373,739	18,209,043
Profit attributable to:		
Owners of the Company	34,613,897	18,209,043
Non-controlling interests	759,842	-
	35,373,739	18,209,043

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

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

Dividends

The amounts of dividends paid by the Company since 31 December 2019 were as follows:

	RM
In respect of the financial year ended 31 December 2018:	
Interim single-tier dividend of 1.50 sen on 496,405,652 ordinary shares, declared on 29 March 2019 and paid on 10 May 2019	7,446,085
In respect of the financial year ended 31 December 2019:	
Interim single-tier dividend of 1.00 sen on 496,405,652 ordinary shares, declared on 4 December 2019 and paid on 30 December 2019	4,964,057
	12,410,142

The directors do not recommend the payment of any final dividend for the current financial year.

DIRECTORS' REPORT (CONTD.)

Directors of the Company

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

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

Directors of subsidiaries

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

Rodziah Binti Morshidi	
Datuk Barry Tan Chong Liang	
May Wong Mei Ling	
Datu Sajeli Bin Kipli	(Resigned on 7 January 2020)
Nor-E-Fadzwie Bin Salleh	(Appointed on 20 January 2020)
Monaliza Binti Zaidel	
Law Ka Tong	(Appointed on 15 May 2019)
Ting Sie King	(Appointed on 15 May 2019, alternate to Law Ka Tong)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

Included in the analysis below is remuneration for directors of the Company and its subsidiaries in accordance with the requirements of Companies Act 2016:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Executive directors' remuneration:				
Fees	36,000	36,000	-	-
Salaries and other emoluments	1,130,606	1,057,056	1,130,606	1,057,056
	1,166,606	1,093,056	1,130,606	1,057,056

DIRECTORS' REPORT (CONTD.)

Directors' benefits (contd.)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Non-executive directors' remuneration:				
Fees	634,150	591,650	571,750	529,250
Total directors' remuneration	1,800,756	1,684,706	1,702,356	1,586,306
Estimated money value of benefits-in-kind	39,200	36,800	39,200	36,800
Total directors' remuneration including benefits-in-kind	1,839,956	1,721,506	1,741,556	1,623,106
Insurance effected to indemnify directors*	16,228	16,208	16,228	16,208
Total directors' remuneration	1,856,184	1,737,714	1,757,784	1,639,314

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

The Company maintains a liability insurance for the directors of the Group. The total amount of sum insured for directors of the Group for the financial year amounted to RM10,000,000.

Directors' interests

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

	Number of ordinary shares At 1 January 2019 and 31 December 2019
Direct Interest	
Ng Cheng Chuan	87,077,478
Datuk Chew Chiaw Han	15,875,440
Dr. Sharifah Deborah Sophia Ibrahim	99,366,120
Datuk (Dr.) Philip Ting Ding Ing	1,625,120
Ng Kee Tiong	1,099,120
Indirect Interest	
Ng Cheng Chuan	35,720,720
Datuk Chew Chiaw Han	130,619,438

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

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

DIRECTORS' REPORT (CONTD.)

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Significant event

Details of a significant event are disclosed in Note 38 to the financial statements.

DIRECTORS' REPORT (CONTD.)

Subsequent events

Details of subsequent events are disclosed in Note 39 to the financial statements.

Auditors

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

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

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 May 2020.

Datuk Chew Chiaw Han **Liu Tow Hua**

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

We, **Datuk Chew Chiaw Han** and **Liu Tow Hua**, being two of the directors of **Ibraco Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 52 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 May 2020.

Datuk Chew Chiaw Han

Liu Tow Hua

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

I, **Liu Tow Hua**, being the director primarily responsible for the financial management of **Ibraco Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 52 to 157 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Liu Tow Hua**
at Kuching in the State of Sarawak
on 29 May 2020.

Liu Tow Hua
(MIA 25463)

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IBRACO BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ibraco Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 157.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IBRACO BERHAD (INCORPORATED IN MALAYSIA) (CONTD.)

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

Key audit matters (contd.)

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

For the year ended 31 December 2019, as disclosed in Note 4 and Note 5 to the financial statements, the recorded revenue and cost of sales of properties under construction amounted to RM251 million and RM178 million, respectively for the Group and RM217 million and RM160 million, respectively for the Company. The Group has also recorded revenue and costs from construction contracts amounting to RM96 million and RM84 million, respectively.

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

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

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

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IBRACO BERHAD (INCORPORATED IN MALAYSIA) (CONTD.)

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IBRACO BERHAD (INCORPORATED IN MALAYSIA) (CONTD.)

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

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

- 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.

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

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

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

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

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

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

AU YONG SWEE YIN
No. 03101/02/2022 J
Chartered Accountant

Kuching, Malaysia
Date: 29 May 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	**2019**	**2018 (Restated)**	**2019**	**2018 (Restated)**
		RM	RM	RM	RM
Revenue	4	371,246,777	239,082,829	233,761,551	158,287,430
Cost of sales	5	(278,861,509)	(163,389,146)	(172,498,223)	(114,315,541)
Gross profit		92,385,268	75,693,683	61,263,328	43,971,889
Other item of income					
Other income		1,708,301	952,439	4,965,749	3,274,888
Other items of expense					
Administrative expenses		(24,405,745)	(19,156,967)	(17,716,202)	(14,734,094)
Selling and marketing expenses		(9,784,824)	(6,203,264)	(9,427,835)	(6,152,264)
Operating profit		59,903,000	51,285,891	39,085,040	26,360,419
Finance costs	6	(11,315,570)	(13,348,556)	(13,152,341)	(11,900,140)
Profit before tax	7	48,587,430	37,937,335	25,932,699	14,460,279
Income tax expense	10	(13,213,691)	(10,887,650)	(7,723,656)	(4,071,377)
Profit net of tax, representing total comprehensive income for the year		35,373,739	27,049,685	18,209,043	10,388,902
Total comprehensive income attributable to:					
Owners of the Company		34,613,897	26,944,622	18,209,043	10,388,902
Non-controlling interests		759,842	105,063	-	-
		35,373,739	27,049,685	18,209,043	10,388,902
Earnings per share attributable to owners of the Company (sen)					
- Basic	11	7	5		
- Diluted	11	7	5		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group			Company		
		2019	2018 (Restated)	As at 1.1.2018 (Restated)	2019	2018 (Restated)	As at 1.1.2018 (Restated)
		RM	RM	RM	RM	RM	RM
ASSETS							
Non-current assets							
Property, plant and equipment	12	51,349,971	29,901,197	20,993,502	33,798,775	18,942,423	7,208,329
Intangible asset	13	5,765,673	-	-	-	-	-
Investments in subsidiaries	14	-	-	-	33,401,266	33,401,266	33,401,166
Investment in an associate	15.1	3,430,000	49,000	49	3,430,000	49,000	49
Investment in joint venture	15.2	1	-	-	1	-	-
Inventories	16	45,095,306	44,682,037	44,613,656	42,605,201	42,191,932	42,133,149
Completed investment properties	17.1	110,800,000	56,880,000	56,880,000	110,800,000	56,880,000	56,880,000
Investment property under construction	17.2	-	23,418,919	6,614,835	-	24,040,963	6,750,343
Trade and other receivables	18	289,862	289,862	307,862	4,668,038	4,414,221	4,184,096
Deferred tax assets	24	10,330,643	11,716,227	13,653,378	7,962,937	9,196,937	8,804,585
		227,061,456	166,937,242	143,063,282	236,666,218	189,116,742	159,361,717
Current assets							
Inventories	16	363,442,037	381,128,713	343,468,260	315,171,507	321,041,439	289,162,243
Trade and other receivables	18	61,923,353	39,361,647	30,802,916	81,710,973	93,244,370	52,886,665
Other current assets	19	117,914,436	86,746,317	53,935,954	93,628,649	65,449,923	31,795,872
Investment securities	20	-	-	9,344	-	-	-
Cash and bank balances	21	25,270,306	47,519,136	37,696,717	15,749,913	24,798,834	24,147,217
		568,550,132	554,755,813	465,913,191	506,261,042	504,534,566	397,991,997
TOTAL ASSETS		795,611,588	721,693,055	608,976,473	742,927,260	693,651,308	557,353,714

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (CONTD.)

	Note	Group			Company		
		2019	2018 (Restated)	As at 1.1.2018 (Restated)	2019	2018 (Restated)	As at 1.1.2018 (Restated)
		RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	22	248,202,826	248,202,826	248,202,826	248,202,826	248,202,826	248,202,826
Retained earnings		112,353,003	90,123,174	66,901,593	77,247,737	71,422,453	64,756,592
		360,555,829	338,326,000	315,104,419	325,450,563	319,625,279	312,959,418
Non-controlling interests		16,752,108	15,587,266	15,482,203	-	-	-
TOTAL EQUITY		377,307,937	353,913,266	330,586,622	325,450,563	319,625,279	312,959,418
Non-current liabilities							
Loans and borrowings	23	116,712,554	106,776,402	51,958,382	105,914,648	101,508,738	43,689,288
Trade and other payables	25	22,123,078	10,967,648	-	16,478,640	7,346,806	-
		138,835,632	117,744,050	51,958,382	122,393,288	108,855,544	43,689,288
Current liabilities							
Loans and borrowings	23	149,198,696	139,481,682	128,612,733	106,131,987	111,252,012	93,360,125
Trade and other payables	25	120,098,606	88,757,189	80,476,711	170,443,000	129,650,591	76,944,698
Other current liabilities	26	10,170,717	21,796,868	16,301,863	17,609,251	24,267,882	29,360,023
Income tax payable		-	-	1,040,162	899,171	-	1,040,162
		279,468,019	250,035,739	226,431,469	295,083,409	265,170,485	200,705,008
TOTAL LIABILITIES		418,303,651	367,779,789	278,389,851	417,476,697	374,026,029	244,394,296
TOTAL EQUITY AND LIABILITIES		795,611,588	721,693,055	608,976,473	742,927,260	693,651,308	557,353,714

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 22)	Retained earnings	Non-controlling interests
			Attributable to owners of the Company			
		RM	RM	RM	RM	RM
Group						
At 1 January 2018		334,774,347	318,589,962	248,202,826	70,387,136	16,184,385
Effect of prior year adjustment	37	(4,187,725)	(3,485,543)	-	(3,485,543)	(702,182)
At 1 January 2018 (Restated)		330,586,622	315,104,419	248,202,826	66,901,593	15,482,203
Profit net of tax, representing total comprehensive income		27,049,685	26,944,622	-	26,944,622	105,063
Transactions with owners:						
Dividends on ordinary shares	36	(3,723,041)	(3,723,041)	-	(3,723,041)	-
At 31 December 2018		353,913,266	338,326,000	248,202,826	90,123,174	15,587,266

	Note	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 22)	Retained earnings	Non-controlling interests
			Attributable to owners of the Company			
		RM	RM	RM	RM	RM
Group						
At 31 December 2018		353,913,266	338,326,000	248,202,826	90,123,174	15,587,266
Effect of adoption of MFRS 16 Leases	2.2	26,074	26,074	-	26,074	-
At 1 January 2019 (Restated)		353,939,340	338,352,074	248,202,826	90,149,248	15,587,266
Profit net of tax, representing total comprehensive income		35,373,739	34,613,897	-	34,613,897	759,842
Transactions with owners:						
Dividends on ordinary shares	36	(12,410,142)	(12,410,142)	-	(12,410,142)	-
Contribution by non-controlling interest		405,000	-	-	-	405,000
At 31 December 2019		377,307,937	360,555,829	248,202,826	112,353,003	16,752,108

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Note	Equity, total	Share capital (Note 22)	Retained earnings
		RM	RM	RM
Company				
At 1 January 2018		316,603,698	248,202,826	68,400,872
Effect of prior year adjustment	37	(3,644,280)	-	(3,644,280)
At 1 January 2018 (Restated)		312,959,418	248,202,826	64,756,592
Profit net of tax, representing total comprehensive income		10,388,902	-	10,388,902
Transactions with owners:				
Dividends on ordinary shares	36	(3,723,041)	-	(3,723,041)
At 31 December 2018		319,625,279	248,202,826	71,422,453
Effect of adoption of MFRS 16 Leases	2.2	26,383	-	26,383
At 1 January 2019 (Restated)		319,651,662	248,202,826	71,448,836
Profit net of tax, representing total comprehensive income		18,209,043	-	18,209,043
Transactions with owners:				
Dividends on ordinary shares	36	(12,410,142)	-	(12,410,142)
At 31 December 2019		325,450,563	248,202,826	77,247,737

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Operating activities					
Profit before tax		48,587,430	37,937,335	25,932,699	14,460,279
Adjustments for:					
Depreciation of property, plant and equipment	7	2,132,714	1,643,398	1,500,748	911,450
Dividend income from investment securities	7	(26)	(316)	-	-
Interest income from licensed banks	7	(12,731)	(4,526)	(4,175)	(2,534)
Fair value (gain)/loss on investment properties	7	(289,679)	-	1,395,119	-
Interest expense	6	11,315,570	13,348,556	13,152,341	11,900,140
Interest income	7	(359,743)	(237,164)	(3,758,413)	(2,605,970)
Reversal of loss allowance for trade receivables	7	(248,831)	(142,053)	-	-
Property development cost written off	7	2,842,385	-	-	-
Property, plant and equipment written off	7	-	136,953	-	3,783
Total adjustments		15,379,659	14,744,848	12,285,620	10,206,869
Operating profit before working capital changes		63,967,089	52,682,183	38,218,319	24,667,148

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM	RM	RM	RM
Operating activities (contd.)					
<u>Changes in working capital:</u>					
Inventories		14,431,022	(37,728,834)	5,456,663	(31,937,979)
Receivables		(22,312,875)	(8,398,678)	11,279,580	(40,587,830)
Other current assets		(36,074,177)	(30,511,089)	(28,697,183)	(33,135,594)
Payables		42,496,847	29,176,239	49,924,243	69,980,812
Other current liabilities		(11,626,151)	5,495,005	(6,658,631)	(5,092,141)
Deposits pledged for bank guarantee		-	(11,289)	-	(11,289)
Cash generated from/(used in) operations		50,881,755	10,703,537	69,522,991	(16,116,873)
Interest paid		(14,208,683)	(13,348,556)	(16,641,206)	(11,900,140)
Interest received		359,743	237,164	3,758,413	2,605,970
Tax paid		(13,067,363)	(11,065,306)	(7,264,000)	(7,016,508)
Tax refunded		8,209,968	994,160	2,191,972	994,160
Net cash generated from/(used in) operating activities		32,175,420	(12,479,001)	51,568,170	(31,433,391)
Investing activities					
Contribution from non-controlling interest		405,000	-	-	-
Dividend received from investment securities		26	316	-	-
Interest received from licensed banks		12,731	4,526	4,175	2,534
Expenditure incurred on investment property under construction, net of interest capitalised	17.2	(28,545,095)	(16,804,084)	(29,332,299)	(17,290,620)
Placement of deposits with maturity of more than three months		(1,689,965)	(985,023)	(1,689,965)	(985,023)
Purchase of property, plant and equipment, net of interest capitalised	12	(22,397,782)	(12,518,835)	(13,549,220)	(12,649,327)
Purchase of intangible asset	13	(5,765,673)	-	-	-
Purchase of investment securities		-	(345)	-	-
Proceeds from disposal of investment securities		-	9,689	-	-
Subscription of shares in subsidiary		-	-	-	(100)
Subscription of shares in associate	15.1	(3,381,000)	(48,951)	(3,381,000)	(48,951)
Subscription of shares in joint venture	15.2	(1)	-	(1)	-
Net cash used in investing activities		(61,361,759)	(30,342,707)	(47,948,310)	(30,971,487)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Note	Group 2019 RM	Group 2018 (Restated) RM	Company 2019 RM	Company 2018 (Restated) RM
Financing activities					
Dividends paid on ordinary shares	36	(12,410,142)	(13,651,154)	(12,410,142)	(13,651,154)
Repayment of term loans		(83,576,893)	(27,964,885)	(82,067,847)	(21,804,876)
Repayment of revolving credit		(54,688,693)	-	(28,010,000)	-
Repayment of finance lease payable		-	(2,445,047)	-	(554,087)
Repayment of principal portion of lease liabilities	23(a)	(3,140,972)	-	(1,230,766)	-
Proceeds from term loans		97,139,581	84,070,300	88,339,581	84,070,300
Proceeds from revolving credit		47,699,120	14,000,000	21,020,428	14,000,000
Proceeds/(repayment) from collaterised borrowings		14,225,543	(2,361,399)	-	-
Net cash generated from/(used in) financing activities		5,247,544	51,647,815	(14,358,746)	62,060,183
Net (decrease)/increase in cash and cash equivalents		(23,938,795)	8,826,107	(10,738,886)	(344,695)
Cash and cash equivalents at 1 January		44,791,157	35,965,050	22,070,855	22,415,550
Cash and cash equivalents at 31 December	21	20,852,362	44,791,157	11,331,969	22,070,855

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. Corporate information

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

The Company is engaged in realty development and investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with resolution of the directors on 29 May 2020.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards ("MFRS" or "IFRSs") and the Companies Act 2016 in Malaysia.

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

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

2.2 Changes in accounting policies

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

On 1 January 2019, the Group and the Company adopted the applicable new and amended MFRSs and Annual Improvements (collectively known as "pronouncements"), which are mandatory for annual financial periods beginning on or after 1 January 2019.

Description	**Effective for annual periods beginning on or after**
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
MFRS 16 Leases	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle:	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128: Long-term Interest in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.2 Changes in accounting policies (contd.)

Except for the effects arising from the adoption of MFRS 16 as described below, the adoption of these pronouncements did not have any material effect on the financial performance or position of the Group and the Company.

MFRS 16: Leases

Definition of a lease

On transition to MFRS 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4 were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group and the Company are lessees, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's and the Company's incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 5.5%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group and the Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group and the Company have applied commercial judgement to determine the lease term for those leases with renewal options and this in turn will impact on the amount of right-to-use assets and lease liabilities recognised. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for low value assets and short-term leases. The lease payments for these leases are expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.2 Changes in accounting policies (contd.)

MFRS 16: Leases (contd.)

As a lessee (contd.)

The following table provides the impact of changes to the statements of financial position of the Group and of the Company resulting from the adoption of MFRS 16 as at 1 January 2019:

	At 31 December 2018	Effect of adoption of MFRS 16	At 1 January 2019
Group	RM	RM	RM
Non-current assets			
Property, plant and equipment	29,901,197	993,887	30,895,084
Non-current liabilities			
Loans and borrowings	106,776,402	670,199	107,446,601
Current liabilities			
Loans and borrowings	139,481,682	297,614	139,779,296
Total loans and borrowings	246,258,084	967,813	247,225,897
Equity attributable to owners of the Company			
Retained earnings (Restated)	90,123,174	26,074	90,149,248
Company			
Non-current assets			
Property, plant and equipment	18,942,423	1,013,304	19,955,727
Non-current liabilities			
Loans and borrowings	101,508,738	670,199	102,178,937
Current liabilities			
Loans and borrowings	111,252,012	316,722	111,568,734
Total loans and borrowings	212,760,750	986,921	213,747,671
Equity attributable to owners of the Company			
Retained earnings (Restated)	71,422,453	26,383	71,448,836

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.2 Changes in accounting policies (contd.)

MFRS 16: Leases (contd.)

As a lessee (contd.)

The total right-of-use assets as at 1 January 2019 is as follows:

	Group RM	**Company** RM
Property, plant and equipment:		
- Adoption of MFRS 16 (as above)	993,887	1,013,304
Reclassification		
- Property, plant and equipment (finance leases)	8,484,093	958,142
- Inventories (leasehold land)	8,660,516	6,170,412
	18,138,496	8,141,858

2.3 Pronouncements issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

(a) Amendments to MFRS 3: Definition of a Business

The definition of a business in MFRS 3 Business Combinations was amended to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.3 Pronouncements issued but not yet effective (contd.)

(a) Amendments to MFRS 3: Definition of a Business (contd.)

Minimum requirements to be a business

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'. An acquired process must be considered substantive only if:

- it is critical to the ability to develop or convert acquired inputs into outputs; and
- the inputs acquired include both an organised workforce with the necessary skills, knowledge, or experience to perform that process, and other inputs that the organised workforce could develop or convert into outputs.

(b) Amendments to MFRS 101 and MFRS 108: Definition of Material

The amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 align the definition of 'material' across the standards and clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

(c) Revised Conceptual Framework for Financial Reporting

On 30 April 2018, MASB issued a revised Conceptual Framework for Financial Reporting. The purpose of the Conceptual Framework is, amongst others, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.3 Pronouncements issued but not yet effective (contd.)

(c) Revised Conceptual Framework for Financial Reporting (contd.)

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The main changes in the Conceptual Framework are as follows:

- Reintroduces the concept of stewardship and the information needed to assess management's stewardship
- Reintroduces the concept of prudence
- Defines the concept of measurement uncertainty
- Reinstates an explicit reference to the need to "faithfully represent the substance of the phenomena that it purports to represent"
- Made changes to the definitions of an asset and a liability

(d) Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Group and the Company do not expect the clarifications of the above would result in any material changes when determining whether a liability is current or non-current.

2.4 Basis of consolidation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.4 Basis of consolidation (contd.)

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

Business combinations

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. All other contingent consideration shall be measured at fair value and such changes shall be recognised in profit or loss.

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

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

2.5 Subsidiaries

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.6 Transactions with non-controlling interests

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

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

2.7 Investments in associates and joint ventures

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.7 Investments in associates and joint ventures (contd.)

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

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

2.8 Property, plant and equipment

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

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

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

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

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

Buildings and renovation	1 to 50 years
Motor vehicles, office equipment, furniture and fittings	5 to 20 years
Plant and equipment	5 to 10 years

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.8 Property, plant and equipment (contd.)

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

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

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

2.9 Investment properties and investment property under construction

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

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

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

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

2.10 Impairment of non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.10 Impairment of non-financial assets (contd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

2.11 Financial instruments

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

(i) Financial assets

Initial recognition and measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.11 Financial instruments (contd.)

(i) Financial assets (contd.)

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.11 Financial instruments (contd.)

(i) Financial assets (contd.)

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.11 Financial instruments (contd.)

(i) Financial assets (contd.)

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.11 Financial instruments (contd.)

(i) Financial assets (contd.)

Impairment of financial assets (contd.)

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

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

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

(ii) Financial liabilities

Initial recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.11 Financial instruments (contd.)

(ii) Financial liabilities (contd.)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Financial liabilities at amortised cost

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

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

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

Derecognition

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

(iii) Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.12 Cash and cash equivalents

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

2.13 Inventories

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is measured at the lower of cost and net realisable value.

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

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

Costs include:

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

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

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

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

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

2.14 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.15 Intangible assets

An intangible asset is a non-monetary asset without physical substance capable of being separated (sold, transferred, rented or licensed) with a related contract, asset or liability, or when it arises from contractual or other rights, regardless of whether those rights are transferable.

Rights to operate is stated at cost less accumulated depreciation and impairment. It is amortised over its estimated life of twelve years using the straight-line method.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

2.16 Borrowing costs

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

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

2.17 Employee benefits

(i) Defined contribution plans

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

(ii) Short term benefits

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.18 Leases

Current financial year

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are classified within the same line item as the corresponding underlying assets would be presented if they were owned. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings and renovation	1 to 3 years
Motor vehicles, office equipment and furniture and fittings	5 years
Plant and equipment	5 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.18 Leases (contd.)

Current financial year (contd.)

As a lessee (contd.)

(b) Lease liabilities (contd.)

In calculating the present value of lease payments, the Group and the Company use their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). They also apply the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group or the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Previous financial year

The determination of whether an arrangement was (or contains) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset (or assets) and the arrangement conveyed a right to use the asset (or assets), even if that asset was (or those assets are) not explicitly specified in an arrangement.

As a lessee

A lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Group or the Company was classified as a finance lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.18 Leases (contd.)

Previous financial year (contd.)

As a lessee (contd.)

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in finance costs in the statement of profit or loss.

A leased asset was depreciated over the useful life of the asset. However, if there was no reasonable certainty that the Group or the Company will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

As a lessor

Leases in which the Group did not transfer substantially all the risks and rewards of ownership of an asset were classified as operating leases. Rental income arising was accounted for on a straight-line basis over the lease terms and was included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease were added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents were recognised as revenue in the period in which they were earned.

2.19 Revenue from contracts with customers

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

(a) Sale of properties under construction

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

(b) Sale of completed properties

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.19 Revenue from contracts with customers (contd.)

(c) Construction contracts

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

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

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

(d) Property management fees

Property management fees are recognised when services are rendered.

(e) Contract balances

(i) Contract assets

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

(ii) Trade receivables

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

(iii) Contract liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.19 Revenue from contracts with customers (contd.)

(f) Contract cost

(i) Costs to obtain a contract

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

(ii) Costs to fulfil a contract

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

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

(g) Rental income

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

2.20 Taxes

(a) Current tax

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

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

(b) Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.20 Taxes (contd.)

(b) Deferred tax (contd.)

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.20 Taxes (contd.)

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

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

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

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

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34.

2.22 Share capital and share issuance expenses

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

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

2.23 Contingencies

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

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

2.24 Fair value measurements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.24 Fair value measurements (contd.)

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

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

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

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

2.25 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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

2.26 Current versus non-current classification

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

2.26 Current versus non-current classification (contd.)

All other assets are classified as non-current.

A liability is current when:

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

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

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

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

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

Classification of properties

The Group and the Company determine whether properties are classified as investment properties or inventory properties:

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty

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

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

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

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

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

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

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

The carrying amounts of assets and liabilities of the Group and the Company arising from property development and construction activities are disclosed in Note 16, 19 and 26, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Revenue

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

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

	Property development activities RM	Property holding and management RM	Construction works RM	Total RM
2019				
Group				
Type of goods and services				
Sales of properties under construction	250,699,961	-	-	250,699,961
Sales of completed properties and land	20,749,179	-	-	20,749,179
Construction revenue	-	-	95,797,064	95,797,064
Property management service	-	468,406	-	468,406
Total revenue from contracts with customers	271,449,140	468,406	95,797,064	367,714,610
Rental income from investment properties	-	3,532,167	-	3,532,167
Total revenue	271,449,140	4,000,573	95,797,064	371,246,777
Timing of revenue recognition				
Revenue recognised over time	250,699,961	468,406	95,797,064	346,965,431
Revenue recognised at a point of time	20,749,179	-	-	20,749,179
	271,449,140	468,406	95,797,064	367,714,610

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Revenue (contd.)

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

	Property development activities RM	Property holding and management RM	Construction works RM	Total RM
2018				
Group				
Type of goods and services				
Sales of properties under construction	136,125,777	-	-	136,125,777
Sales of completed properties and land	43,922,719	-	-	43,922,719
Construction revenue	-	-	54,957,875	54,957,875
Property management service	-	555,440	-	555,440
Total revenue from contracts with customers	180,048,496	555,440	54,957,875	235,561,811
Rental income from investment properties	-	3,521,018	-	3,521,018
Total revenue	180,048,496	4,076,458	54,957,875	239,082,829
Timing of revenue recognition				
Revenue recognised over time	136,125,777	555,440	54,957,875	191,639,092
Revenue recognised at a point of time	43,922,719	-	-	43,922,719
	180,048,496	555,440	54,957,875	235,561,811

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Revenue (contd.)

(b) Transaction prices allocated to the remaining performance obligation

	Property development activities RM	Construction works RM	Total RM
2019			
Group			
Sale of properties under construction			
- within one year	167,033,972	-	167,033,972
- over one year	31,631,742	-	31,631,742
	198,665,714	-	198,665,714
Construction revenue			
- within one year	-	136,668,299	136,668,299
- over one year	-	10,885,500	10,885,500
	-	147,553,799	147,553,799
2018			
Group			
Sale of properties under construction			
- within one year	156,465,322	-	156,465,322
- over one year	59,408,432	-	59,408,432
	215,873,754	-	215,873,754
Construction revenue			
- within one year	-	135,698,902	135,698,902
- over one year	-	76,401,806	76,401,806
	-	212,100,708	212,100,708

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Revenue (contd.)

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

	Company 2019 RM	Company 2018 RM
Type of goods and services		
Sales of properties under construction	217,228,453	122,553,527
Sales of completed properties and land	13,000,931	32,212,885
Total revenue from contracts with customers	230,229,384	154,766,412
Rental income from investment properties	3,532,167	3,521,018
Total revenue	233,761,551	158,287,430
Timing of revenue recognition		
Revenue recognised over time	217,228,453	122,553,527
Revenue recognised at a point of time	13,000,931	32,212,885
	230,229,384	154,766,412

(d) Transaction prices allocated to the remaining performance obligations

	Company 2019 RM	Company 2018 RM
Sale of properties under construction		
- within one year	167,033,972	147,567,245
- over one year	31,631,742	59,408,432
	198,665,714	206,975,677

5. Cost of sales

	Group 2019 RM	Group 2018 (Restated) RM	Company 2019 RM	Company 2018 (Restated) RM
Property development costs	178,161,816	91,408,708	159,824,849	87,320,504
Costs of completed properties sold and land	16,276,809	33,065,540	12,552,764	26,764,939
Construction costs	84,242,518	38,679,048	-	-
Investment properties maintenance costs	120,610	230,098	120,610	230,098
Property management costs	59,756	5,752	-	-
	278,861,509	163,389,146	172,498,223	114,315,541

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

6. Finance costs

	Group		Company	
	2019	**2018 (Restated)**	**2019**	**2018 (Restated)**
	RM	RM	RM	RM
Interest expense on:				
- Bank loans and bank overdrafts	13,720,753	12,799,546	12,188,628	9,648,804
- Amount due to subsidiaries	-	-	4,361,886	2,199,999
- Obligations under finance lease	-	549,010	-	51,337
- Lease liabilities	487,930	-	90,692	-
	14,208,683	13,348,556	16,641,206	11,900,140
Less: Interest expense capitalised in:				
- Property, plant and equipment (Note 12)	(1,226,806)	-	(1,547,008)	-
- Investment properties under construction (Note 17.2)	(1,666,307)	-	(1,941,857)	-
	11,315,570	13,348,556	13,152,341	11,900,140

7. Profit before tax

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

	Group		Company	
	2019	**2018 (Restated)**	**2019**	**2018 (Restated)**
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audit	113,000	110,000	66,000	66,000
- other services	10,000	25,000	10,000	25,000
Depreciation of property, plant and equipment (Note 12)	2,132,714	1,643,398	1,500,748	911,450
Dividend income from investment securities	(26)	(316)	-	-
Interest income:				
- licensed banks	(12,731)	(4,526)	(4,175)	(2,534)
- others	(359,743)	(237,164)	(3,758,413)	(2,605,970)
Employee benefits expense (Note 8)	13,834,230	11,622,631	10,664,134	9,017,851
Expenses relating to short term leases	189,600	-	-	-
Expenses relating to low value assets	11,400	-	-	-
Fair value (gain)/loss on investment properties (Note 17.1)	(289,679)	-	1,395,119	-
Non-executive directors' remuneration (Note 27(c))	634,150	591,650	571,750	529,250
Property development cost written off	2,842,385	-	-	-
Property, plant and equipment written off	-	136,953	-	3,783
Reversal of loss allowance for trade receivables (Note 18(a))	(248,831)	(142,053)	-	-
Rental of buildings	-	765,948	-	787,948

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

8. Employee benefits expense

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Wages and salaries	15,656,609	13,205,038	9,308,255	7,878,462
Staff benefits	58,345	74,457	45,419	59,293
Contribution to defined contribution plan	1,922,949	1,623,416	1,210,268	1,009,718
Other benefits	182,623	146,171	100,192	70,378
	17,820,526	15,049,082	10,664,134	9,017,851
Less: Employee benefits expense in construction cost (Note 19(a))	(3,986,296)	(3,426,451)	-	-
	13,834,230	11,622,631	10,664,134	9,017,851

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,166,606 (2018: RM1,093,056) and RM1,130,606 (2018: RM1,057,056) respectively, as further disclosed in Note 9.

9. Directors' remuneration

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Executive directors' remuneration (Note 8):				
Fees	36,000	36,000	-	-
Salaries and other emoluments	1,130,606	1,057,056	1,130,606	1,057,056
	1,166,606	1,093,056	1,130,606	1,057,056
Non-executive directors' remuneration:				
Fees	580,150	537,650	571,750	529,250
Total directors' remuneration	1,746,756	1,630,706	1,702,356	1,586,306
Estimated money value of benefits-in-kind	39,200	36,800	39,200	36,800
Total directors' remuneration including benefits-in-kind	1,785,956	1,667,506	1,741,556	1,623,106

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

10. Income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group		**Company**	
	2019	**2018 (Restated)**	**2019**	**2018 (Restated)**
	RM	RM	RM	RM
Statement of profit or loss and other comprehensive income:				
Current income tax:				
- Malaysian income tax	13,536,220	8,496,879	7,663,000	4,364,700
- (Over)/under provision in respect of previous years	(1,708,113)	453,620	(1,173,344)	99,029
	11,828,107	8,950,499	6,489,656	4,463,729
Deferred tax (Note 24):				
- Origination and reversal of temporary differences	(829,294)	1,642,660	(974,000)	(405,598)
- Under provision in respect of previous years	2,214,878	294,491	2,208,000	13,246
	1,385,584	1,937,151	1,234,000	(392,352)
Income tax expense recognised in profit or loss	13,213,691	10,887,650	7,723,656	4,071,377

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

10. Income tax expense (contd.)

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	Group		Company	
	2019 RM	**2018** RM	**2019** RM	**2018** RM
Accounting profit before tax	48,587,430	37,937,335	25,932,699	14,460,279
Tax at Malaysian statutory rate of 24% (2018: 24%)	11,660,983	9,104,960	6,223,848	3,470,467
Adjustments:				
Income not subject to tax	(129,249)	(34,169)	-	-
Expenses not deductible for tax purposes recognised on unused tax losses	1,175,192	1,097,935	465,152	488,635
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(29,187)	-	-
(Over)/under provision of income tax in respect of previous years	(1,708,113)	453,620	(1,173,344)	99,029
Under provision of deferred tax in respect of previous years	2,214,878	294,491	2,208,000	13,246
Income tax expense recognised in profit or loss	13,213,691	10,887,650	7,723,656	4,071,377

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

11. Earnings per share

Basic earnings per share

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

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2019 and 2018:

	Group	
	2019	**2018**
Profit attributable to owners of the Company (RM)	34,613,897	26,944,622
Weighted average number of ordinary shares in issue	496,405,652	496,405,652
Basic earnings per share (sen)	7	5

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work-in-progress RM	Total RM
Group					
Cost					
At 1 January 2019	5,600,027	10,075,927	12,502,865	14,822,987	43,001,806
Effect of adoption of MFRS 16 Leases (Note 2.2)	993,887	-	-	-	993,887
At 1 January 2019, (restated)	6,593,914	10,075,927	12,502,865	14,822,987	43,995,693
Additions	538,989	1,113,853	8,727,278	14,272,135	24,652,255
At 31 December 2019	7,132,903	11,189,780	21,230,143	29,095,122	68,647,948
Accumulated depreciation					
At 1 January 2019	1,910,403	6,596,377	4,593,829	-	13,100,609
Depreciation charge for the year:	875,458	1,283,083	2,038,827	-	4,197,368
Recognised in profit or loss (Note 7)	875,458	934,679	322,577	-	2,132,714
Capitalised in construction costs (Note 19(a))	-	348,404	1,716,250	-	2,064,654
At 31 December 2019	2,785,861	7,879,460	6,632,656	-	17,297,977
Net carrying amount	4,347,042	3,310,320	14,597,487	29,095,122	51,349,971

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work-in-progress RM	Total RM
Company					
Cost					
At 1 January 2019	3,236,005	5,921,803	160,578	15,200,550	24,518,936
Effect of adoption of MFRS 16 (Note 2.2)	1,013,304	-	-	-	1,013,304
At 1 January 2019, restated	4,249,309	5,921,803	160,578	15,200,550	25,532,240
Additions	247,568	53,728	1,819	15,040,681	15,343,796
At 31 December 2019	4,496,877	5,975,531	162,397	30,241,231	40,876,036
Accumulated depreciation					
At 1 January 2019	1,026,583	4,391,056	158,874	-	5,576,513
Depreciation charge for the year: Recognised in profit or loss (Note 7)	847,410	652,959	379	-	1,500,748
At 31 December 2019	1,873,993	5,044,015	159,253	-	7,077,261
Net carrying amount	2,622,884	931,516	3,144	30,241,231	33,798,775
Cost					
At 1 January 2018	3,231,505	5,866,492	160,578	2,635,909	11,894,484
Additions	4,500	80,186	-	12,564,641	12,649,327
Written off	-	(24,875)	-	-	(24,875)
At 31 December 2018	3,236,005	5,921,803	160,578	15,200,550	24,518,936

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work-in-progress RM	Total RM
Company (contd.)					
Accumulated depreciation					
At 1 January 2018	880,612	3,646,866	158,677	-	4,686,155
Depreciation charge for the year:					
Recognised in profit or loss (Note 7)	145,971	765,282	197	-	911,450
Written off	-	(21,092)	-	-	(21,092)
At 31 December 2018	1,026,583	4,391,056	158,874	-	5,576,513
Net carrying amount	2,209,422	1,530,747	1,704	15,200,550	18,942,423

(i) Acquisitions of property, plant and equipment during the financial year were by the following means:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash	22,397,782	12,518,835	13,549,220	12,649,327
Lease arrangement	1,027,667	388,000	247,568	-
Interest capitalised	1,226,806	-	1,547,008	-
	24,652,255	12,906,835	15,343,796	12,649,327

(ii) Capitalisation of borrowing costs

The Group's and the Company's work-in-progress include borrowing costs arising from bank loans borrowed specifically and other general borrowings for the purpose of the construction of the Company's corporate office. The capitalisation rate used for the general borrowings was at 5.52%. During the financial year, the borrowing costs capitalised as cost of work-in-progress of the Group and the Company as shown in Note 12(i) above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

(iii) Right-of-use assets

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

Group	**Buildings and renovation**	**Motor vehicles, office equipment, furniture and fittings**	**Plant and equipment**	**Total**
	RM	RM	RM	RM
At 1 January 2019	-	-	-	-
Effect of adoption of MFRS 16:				
- Reclassifications	-	2,495,530	5,988,563	8,484,093
- Recognition (Note 2.2)	993,887	-	-	993,887
Additions	200,967	863,800	-	1,064,767
Depreciation charge for the year (Note 23(a))	(712,295)	(1,014,964)	(1,648,850)	(3,376,109)
At 31 December 2019	482,559	2,344,366	4,339,713	7,166,638

Company	**Buildings and renovation**	**Motor vehicles, office equipment, furniture and fittings**	**Plant and equipment**	**Total**
	RM	RM	RM	RM
At 1 January 2019	-	-	-	-
Effect of adoption of MFRS 16				
- Reclassifications	-	958,142	-	958,142
- Recognition (Note 2.2)	1,013,304	-	-	1,013,304
Additions	247,568	-	-	247,568
Depreciation charge for the year (Note 23(a))	(758,896)	(507,442)	-	(1,266,338)
At 31 December 2019	501,976	450,700	-	952,676

The Group and the Company have lease contracts for buildings used in their operations.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

12. Property, plant and equipment (contd.)

(iii) Right-of-use assets (contd.)

The table below describes the nature of the Group's and the Company's leasing activities by type of right-of-use assets recognised on the statements of financial position:

Group	Buildings and renovations	Plant, and machinery	Motor vehicles
No. of right-of-use assets leased	3	15	30
No. of leases with extension option	-	-	-
No. of leases with variable lease payments	-	-	-
No. of leases with termination option	-	-	-
	=====	=====	=====

Company	Buildings and renovations	Motor vehicles
No. of right-of-use assets leased	4	6
No. of leases with extension option	-	-
No. of leases with variable lease payments	-	-
No. of leases with termination option	-	-
	=====	=====

The carrying amount of the Group's and the Company's property, plant and equipment held under lease arrangements at the reporting date were RM7,166,638 (31 December 2018: RM8,484,093 and 1 January 2018: RM11,181,524) and RM952,676 (31 December 2018: RM958,142 and 1 January 2018: RM1,550,315), respectively.

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

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

13. Intangible asset

	Group Rights to operate	
	2019	**2018**
	RM	RM
Cost		
At 1 January	-	-
Additions	5,765,673	-
	--------	-------
At 31 December	5,765,673	-
	=======	======
Net carrying amount	5,765,673	-
	=======	======

The above intangible asset represents the right to operate the quarry arising from the Extraction Agreement with Priority Trading Sdn. Bhd. as disclosed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

14. Investments in subsidiaries

	Company		
	2019	**2018**	**As at 1.1.2018**
	RM	RM	RM
Unquoted shares, at cost	34,204,044	34,204,044	34,203,944
Less: Accumulated impairment losses	(802,778)	(802,778)	(802,778)
	33,401,266	33,401,266	33,401,166

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

Name of subsidiaries	**Principal activities**	**Proportion of ownership interest 2019**	**2018**
Foso One Sdn. Bhd.	Construction	100%	100%
Ibraco Quarry Sdn. Bhd. (formerly known as Greater Tabuan Sdn. Bhd.)	Housing and property development, quarry operations	100%	100%
Ibraco Construction Sdn. Bhd.	Construction	100%	100%
Ibraco HGS Sdn. Bhd.	Property development and construction	70%	70%
Ibraco Pelita Sdn. Bhd.	Property development and construction	75%	75%
Ibraco Plantation Sdn. Bhd.	Plantation and investment holdings	70%	70%
Ibraco Spectrum Sdn. Bhd.	Landscaping and trading of building materials and related products	100%	100%
Ibraco Infinity Sdn. Bhd.	Property management service	100%	100%
Syarikat Ibraco-Peremba Sdn. Bhd.	Land and property development	100%	100%
Ibraco Ascent Sdn. Bhd.	Property investment and development	74%	74%
NewUrban Sdn. Bhd.	Property development and construction	100%	100%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

14. Investments in subsidiaries (contd.)

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

Name of subsidiaries	Principal activities	Proportion of ownership interest 2019	2018
Subsidiary of Ibraco HGS Sdn. Bhd.			
Warisar Sdn. Bhd.	Property development and construction	80%	80%
Subsidiary of Ibraco Construction Sdn. Bhd.			
Ibraco Construction Polybuilding Construction JV Sdn. Bhd.	Construction	70%	-

All subsidiaries are audited by Ernst & Young PLT Malaysia.

(a) Acquisition of new subsidiary

On 15 May 2019, Ibraco Construction Sdn. Bhd., a subsidiary of the Company, incorporated a new subsidiary, Ibraco Construction Polybuilding Construction JV Sdn. Bhd. of which it subscribed 70% equity interest for RM945,000, settled in cash.

The fair values of the identifiable asset of Ibraco Construction Polybuilding Construction JV Sdn. Bhd. as at the date of acquisition was:

	Fair value RM	Carrying amount RM
Cash and cash equivalents	1,350,000	1,350,000
	=======	=======

Total cost of business combination

The total cost of the business combination is as follows:

	RM
Cash paid	945,000
	======

The effect of the acquisition on cash flows is as follows:

	RM
Total cost of the business combination	945,000
Less: Cash and cash equivalents of subsidiary acquired	(1,350,000)

Net cash inflow on acquisition	405,000
	========

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

14. Investments in subsidiaries (contd.)

(a) Acquisition of new subsidiary (contd.)

Goodwill arising on acquisition

The total cost of the business combination is as follows:

	RM
Fair value of net identifiable assets	1,350,000
Less: Non-controlling interests	(405,000)
Group's interest in fair value of net identifiable assets	945,000
Goodwill on acquisition	-
Cost of business combination	945,000

Impact of acquisition in Statement of profit and loss and comprehensive income

From the date of acquisition, Ibraco Construction Polybuilding Construction JV Sdn. Bhd. has contributed RM8,246 to the Group's loss, net of tax.

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

(i) Summarised statements of financial position

	Ibraco HGS Sdn. Bhd. and its subsidiary	
	2019	**2018 Restated**
	RM	RM
Non-current assets	-	-
Current assets	120,535,624	132,940,381
Total assets	120,535,624	132,940,381
Non-current liabilities	170,933	1,263,333
Current liabilities	71,179,559	86,052,347
Total liabilities	71,350,492	87,315,680
Net assets	49,185,132	45,624,701
Equity attributable to owners of the Company	32,061,938	30,041,064
Non-controlling interests	17,123,194	15,583,637
	49,185,132	45,624,701

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

14. Investments in subsidiaries (contd.)

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

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

	Ibraco HGS Sdn. Bhd. and its subsidiary	
	2019	**2018 Restated**
	RM	RM
Revenue	40,927,322	25,069,094
Profit for the year	3,560,431	395,716
Profit attributable to:		
Owners of the Company	2,020,874	229,978
Non-controlling interests	1,539,557	165,738
	3,560,431	395,716

(iii) Summarised cash flows

	Ibraco HGS Sdn. Bhd. and its subsidiary	
	2019	**2018 Restated**
	RM	RM
Net cash generated from operating activities	776,611	4,891,854
Net cash generated from investing activities	28,406	17,307
Net cash used in financing activities	(1,362,380)	(6,160,008)
Net decrease in cash and cash equivalents	(557,363)	(1,250,847)
Cash and cash equivalents at the beginning of the year	4,268,258	5,519,105
Cash and cash equivalents at the end of the year	3,710,895	4,268,258

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

15.1 Investment in an associate

	Group and Company		
	2019	**2018**	**As at 1.1.2018**
	RM	RM	RM
Unquoted shares, at cost			
- Ordinary shares	490,000	49,000	49
- Redeemable non-cumulative preference shares	2,940,000	-	-
	–––––––––	–––––––	––––
	3,430,000	49,000	49
	=======	======	====

		Proportion of ownership interest	
Name of associate	**Principal activities**	**2019**	**2018**
IBRACO HELP Education Sdn. Bhd.	Intended for education services	49%	49%

During the year, the Company subscribed for new ordinary shares and redeemable preference shares of 441,000 and 2,940,000 respectively in IBRACO HELP Education Sdn. Bhd. (“IHESB”) amounting to RM441,000 and RM2,940,000 respectively, settled in cash. IHESB has remained dormant since incorporation and the results of IHESB is immaterial to the Group. Hence, there was no share of results being accounted for.

15.2 Investment in joint venture

	Group and Company		
	2019	**2018**	**As at 1.1.2018**
	RM	RM	RM
Unquoted shares, at cost	1	-	-
	====	=====	=====

		Proportion of ownership interest	
Name of joint venture	**Principal activities**	**2019**	**2018**
NorthBank Specialist Hospital Sdn. Bhd.	Intended for health care services	50%	-

On 11 April 2019, the Company incorporated a new joint venture, NorthBank Specialist Hospital Sdn. Bhd. (“NBSH”) of which it subscribed 50% equity interest for RM1, settled in cash. NBSH has remained dormant since incorporation. Hence, there was no share of results being accounted for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

16. Inventories

	Group			Company		
	2019	2018 Restated	As at 1.1.2018 Restated	2019	2018 Restated	As at 1.1.2018 Restated
	RM	RM	RM	RM	RM	RM
At cost						
Non-current						
Land held for property development	45,095,306	44,682,037	44,613,656	42,605,201	42,191,932	42,133,149
Current						
Property development costs	287,332,138	325,080,507	255,599,741	263,577,796	289,374,389	231,629,668
Properties held for sale	76,080,606	56,018,913	87,839,226	51,593,711	31,667,050	57,532,575
Others	29,293	29,293	29,293	-	-	-
	363,442,037	381,128,713	343,468,260	315,171,507	321,041,439	289,162,243
	408,537,343	425,810,750	388,081,916	357,776,708	363,233,371	331,295,392

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

16. Inventories (contd.)

Right-of-use assets

Included in the net carrying amount of land held for property developments are right-of-use assets as follows:

	Group	Company
	RM	RM
Leasehold land		
At 1 January 2019 and 31 December 2019	8,660,516	6,170,412

Land held for property development

The Group and the Company have freehold and leasehold land with aggregate carrying values of RM24,745,437 (31 December 2018: RM25,121,608 and 1 January 2018: RM21,490,871) and RM21,114,700 (31 December 2018: RM21,490,871 and 1 January 2018: RM21,490,871) respectively, which are pledged as security for loans and borrowings as disclosed in Note 23.

Property development costs

Freehold and leasehold land of the Group and the Company with aggregate carrying value of RM112,860,779 (2018: RM139,914,270 and 1 January 2018: RM63,437,448) and RM112,860,779 (2018: RM139,914,270 and 1 January 2018: RM63,437,448) are pledged as security for loans and borrowings as disclosed in Note 23.

17.1. Completed investment properties

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
As at 1 January	56,880,000	56,880,000	56,880,000	56,880,000
Transfer from investment property under construction (Note 17.2)	53,630,321	-	55,315,119	-
Increase/(decrease) in fair value (Note 7)	289,679	-	(1,395,119)	-
As at 31 December	110,800,000	56,880,000	110,800,000	56,880,000
Fair value of completed investment properties	110,800,000	56,880,000	110,800,000	56,880,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

17.1. Completed investment properties (contd.)

The investment property with carrying amount of RM110,800,000 (31 December 2018: RM56,880,000 and 1 January 2018: RM56,880,000) is pledged as security for loans and borrowings as disclosed in Note 23.

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

Valuation of completed investment properties

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

17.2. Investment property under construction

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
As at 1 January	23,418,919	6,614,835	24,040,963	6,750,343
Additions	30,211,402	16,804,084	31,274,156	17,290,620
Transfer to completed investment property (Note 17.1)	(53,630,321)	-	(55,315,119)	-
As at 31 December	-	23,418,919	-	24,040,963

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

Capitalisation of borrowing costs

The Group's and the Company's investment property under constructions include borrowing costs arising from bank loans borrowed specifically and other general borrowings for the purpose of the construction of the Company's investment property. The capitalisation rate used for the general borrowings was at 5.52%. During the financial year, the borrowing costs capitalised as cost of investment property under construction for the Group and the Company amounted to RM1,666,307 (2018: Nil) and RM1,941,857 (2018: Nil), respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

18. Trade and other receivables

	Group			Company		
	2019 RM	2018 RM	As at 1.1.2018 RM	2019 RM	2018 RM	As at 1.1.2018 RM
Current						
Trade receivables						
Third parties	38,804,002	31,127,538	24,733,201	26,065,092	27,173,763	21,005,183
Bills receivables	14,225,543	-	2,361,399	-	-	-
	53,029,545	31,127,538	27,094,600	26,065,092	27,173,763	21,005,183
Less: Loss allowance - third parties	(886,854)	(1,135,685)	(1,277,738)	-	-	-
Trade receivables, net	52,142,691	29,991,853	25,816,862	26,065,092	27,173,763	21,005,183
Other receivables						
Third parties	7,236,538	7,660,214	3,754,918	3,785,906	4,481,247	1,089,777
Deposits	2,650,195	1,815,651	1,337,179	2,092,654	1,503,167	1,107,476
Dividend receivable from investment securities	-	-	28	-	-	-
Amounts due from subsidiaries	-	-	-	49,767,321	60,086,193	29,684,229
	9,886,733	9,475,865	5,092,125	55,645,881	66,070,607	31,881,482
Less: Loss allowance - third parties	(106,071)	(106,071)	(106,071)	-	-	-
Other receivables, net	9,780,662	9,369,794	4,986,054	55,645,881	66,070,607	31,881,482
Total trade and other receivables (current)	61,923,353	39,361,647	30,802,916	81,710,973	93,244,370	52,886,665

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

18. Trade and other receivables (contd.)

	Group 2019 RM	Group 2018 RM	Group As at 1.1.2018 RM	Company 2019 RM	Company 2018 RM	Company As at 1.1.2018 RM
Non-current						
Other receivables						
Amounts due from subsidiaries	-	-	-	4,668,038	4,414,221	4,184,096
Deposits	289,862	289,862	307,862	-	-	-
	289,862	289,862	307,862	4,668,038	4,414,221	4,184,096
Total trade and other receivables (current and non-current)	62,213,215	39,651,509	31,110,778	86,379,011	97,658,591	57,070,761

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 30 days (31 December 2018: 14 to 30 days and 1 January 2018: 14 to 30 days) terms. Other credit terms are assessed and approved on a case-by-case basis.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

18. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group			Company		
	2019	**2018**	**As at 1.1.2018**	**2019**	**2018**	**As at 1.1.2018**
	RM	RM	RM	RM	RM	RM
Neither past due nor impaired	16,976,384	7,765,663	4,738,891	15,071,696	7,170,511	3,287,211
1 to 119 days past due but not impaired	31,692,947	15,406,156	15,056,596	7,531,855	13,521,636	11,755,839
More than 120 days but not impaired	3,473,360	6,820,034	6,015,321	3,461,541	6,481,616	5,962,133
	35,166,307	22,226,190	21,071,917	10,993,396	20,003,252	17,717,972
Impaired	886,854	1,135,685	1,283,792	-	-	-
	53,029,545	31,127,538	27,094,600	26,065,092	27,173,763	21,005,183

Receivables that are neither past due nor impaired

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

18. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM35,166,307 (31 December 2018: RM22,226,190 and 1 January 2018: RM21,071,917) and RM10,993,396 (31 December 2018: RM20,003,252 and 1 January 2018: RM17,717,972), respectively that are past due at the reporting date but not impaired. There were no renegotiated balances outstanding for the Group and of the Company as at financial year end. Due to the good credit standing of the trade receivables, the Group and the Company believe that no further loss allowance is necessary in respect of trade receivables that are past due as there is no expected credit loss.

Receivables that are impaired

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

		Group	
	2019	**2018**	**As at 1.1.2018**
	RM	RM	RM
Loss allowance			
Trade receivables - nominal amount	886,854	1,135,685	1,283,792
Less: Loss allowance	(886,854)	(1,135,685)	(1,277,738)
	-	-	6,054
Movement in loss allowance account			
At 1 January	1,135,685	1,277,738	1,709,563
Reversal of loss allowance (Note 7)	(248,831)	(142,053)	(431,825)
At 31 December	886,854	1,135,685	1,277,738

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

18. Trade and other receivables (contd.)

(b) Bills receivables

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

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

Transfer of trade receivables

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

	Group	
	2019 RM	**2018** RM
Carrying amount of trade receivables transferred to a bank	14,225,543	-
Carrying amount of associated liabilities (Note 23)	14,225,543	-
	========	=======

(c) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, earn interest at the rate of 5.75% (31 December 2018: 5.50% and 1 January 2018: 5.50%) per annum and are repayable on demand.

(d) Other receivables

Other receivables are non-interest bearing and are generally on 30 days (31 December 2018: 30 days) terms.

At the reporting date, the Group has provided an allowance of RM106,071 (31 December 2018: RM106,071 and 1 January 2018: RM106,071) for impairment of the amount due from third parties with nominal amount of RM106,071 (31 December 2018: RM106,071 and 1 January 2018: RM106,071).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

19. Other current assets

	Group			Company		
	2019	2018	As at 1.1.2018	2019	2018	As at 1.1.2018
	RM	RM	RM	RM	RM	RM
Prepayments	3,581,812	6,216,396	7,893,969	612,584	1,122,056	4,930,755
Tax recoverable	8,965,543	15,936,255	15,855,770	-	518,457	-
Contract assets	99,821,092	59,301,492	27,460,969	87,470,076	58,520,507	24,145,645
Costs to obtain a contract	5,545,989	5,292,174	2,725,246	5,545,989	5,288,903	2,719,472
	117,914,436	86,746,317	53,935,954	93,628,649	65,449,923	31,795,872

(a) Contract assets

	Group			Company		
At 1 January	59,301,492	27,460,969	18,706,313	58,520,507	24,145,645	17,387,228
Revenue recognised during the year	351,406,142	166,855,518	81,898,858	214,389,322	141,573,434	68,396,662
Progress billings during the year	(310,886,542)	(135,014,995)	(73,144,202)	(185,439,753)	(107,198,572)	(61,638,245)
At 31 December	99,821,092	59,301,492	27,460,969	87,470,076	58,520,507	24,145,645

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

19. Other current assets (contd.)

(a) Contract assets (contd.)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Depreciation of property, plant and equipment (Note 12)	2,064,654	2,218,789	-	-
Employee benefit expense (Note 8)	3,986,296	3,426,451	-	-
	========	========	========	========

(b) Costs to obtain a contract

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
At 1 January	5,292,174	2,725,246	5,288,903	2,719,472
Additions	6,983,022	5,273,381	6,983,022	5,271,831
Amortisation	(6,729,207)	(2,706,453)	(6,725,936)	(2,702,400)
	--------	--------	--------	--------
At 31 December	5,545,989	5,292,174	5,545,989	5,288,903
	========	========	========	========

20. Investment securities

	Group		
	2019	**2018**	**As at 1.1.2018**
	RM	RM	RM
Financial assets at fair value through profit or loss			
Unit trusts (quoted in Malaysia)			
- at carrying amount	-	-	9,344
- at market value	-	-	9,344
	======	=======	=======

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Cash and cash equivalents

	Group			Company		
	2019	2018	As at 1.1.2018	2019	2018	As at 1.1.2018
	RM	RM	RM	RM	RM	RM
Cash on hand and at banks	20,852,362	44,791,157	35,965,050	11,331,969	22,070,855	22,415,550
Deposits with licensed banks	4,417,944	2,727,979	1,731,667	4,417,944	2,727,979	1,731,667
Cash and bank balances	25,270,306	47,519,136	37,696,717	15,749,913	24,798,834	24,147,217

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month to twelve months (31 December 2018: one month to twelve months and 1 January 2018: one month to twelve months) depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2019 for the Group and the Company was 3.28% (31 December 2018: 3.00% and 1 January 2018: 2.15%).

Included in cash at banks of the Group and the Company are amounts of RM4,565,051 (31 December 2018: RM4,513,891 and 1 January 2018: RM606,858) and RM2,951,318 (31 December 2018: RM4,013,198 and 1 January 2018: RM286,089) held pursuant to Section 12 of the Housing Development (Control and Licensing) Ordinance, 2013 and are restricted from use in other operations.

Included in cash at banks of the Group and the Company are amounts of RM814,258 (31 December 2018: RM1,249,038 and 1 January 2018: RM7,949,318) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Deposits with licensed banks of the Group and the Company with aggregate carrying value of RM363,697 (31 December 2018: RM363,697 and 1 January 2018: RM352,408) are pledge as security for loans and borrowings as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Cash and cash equivalents (contd.)

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

	Group			Company		
	2019	2018	As at 1.1.2018	2019	2018	As at 1.1.2018
	RM	RM	RM	RM	RM	RM
Cash and bank balances	25,270,306	47,519,136	37,696,717	15,749,913	24,798,834	24,147,217
Less:						
Deposits with maturity more than three months	(4,054,247)	(2,364,282)	(1,379,259)	(4,054,247)	(2,364,282)	(1,379,259)
Deposits pledged for bank borrowings	(363,697)	(363,697)	(352,408)	(363,697)	(363,697)	(352,408)
Cash and cash equivalents	20,852,362	44,791,157	35,965,050	11,331,969	22,070,855	22,415,550

22. Share capital

	Number of ordinary shares	Share capital
		RM
Issued and fully paid		
At 1 January 2018 and 31 December 2018	496,405,652	248,202,826
At 1 January 2019 and 31 December 2019	496,405,652	248,202,826

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

23. Loans and borrowings

	Maturity	Group 2019 RM	Group 2018 RM	Group As at 1.1.2018 RM	Company 2019 RM	Company 2018 RM	Company As at 1.1.2018 RM
Current							
Secured:							
Revolving credits	2020	113,170,427	120,160,000	106,160,000	88,170,428	95,160,000	81,160,000
Collaterised borrowings (Note 18)	2020	14,225,543	-	2,361,399	-	-	-
Obligations under finance lease	2019	-	2,349,082	2,285,288	-	481,792	554,087
Lease liabilities	2020	2,677,546	-	-	596,383	-	-
Bank loans:							
- RM loan at ECOF + 1.25%	2019	-	-	1,533,000	-	-	1,533,000
- RM loan at BLR - 2.00%	2019	-	2,088,000	2,088,000	-	2,088,000	2,088,000
- RM loan at ECOF + 2.00%	2019	-	12,584,720	8,025,038	-	12,584,720	8,025,038
- RM loan at COF + 1.75%	2020	3,750,000	937,500	-	3,750,000	937,500	-
- RM loan at COF + 2.00%	2020	1,800,000	-	-	1,800,000	-	-
- RM loan at ECOF + 2.00%	2020	11,815,176	-	-	11,815,176	-	-
- RM loan at COF + 1.50%	2019	-	1,362,380	6,160,008	-	-	-
- RM loan at ECOF + 2.00%	2020	1,760,004	-	-	-	-	-
Total loans and borrowings (current)		149,198,696	139,481,682	128,612,733	106,131,987	111,252,012	93,360,125

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

23. Loans and borrowings (contd.)

	Maturity	Group 2019 RM	Group 2018 RM	Group As at 1.1.2018 RM	Company 2019 RM	Company 2018 RM	Company As at 1.1.2018 RM
Non-current							
Secured:							
Obligations under finance lease	2020 - 2023	-	5,645,799	7,766,640	-	378,134	859,926
Lease liabilities	2021 - 2023	4,171,843	-	-	267,266	-	-
Bank loans:							
- RM loan at BLR - 2.00%	2020 - 2026	-	13,168,000	15,256,000	-	13,168,000	15,256,000
- RM loan at ECOF + 2.00%	2018	-	-	22,573,362	-	-	22,573,362
- RM loan at COF + 1.50%	2018	-	-	1,362,380	-	-	-
- RM loan at COF + 1.75%	2021 - 2023	10,937,500	14,062,500	-	10,937,500	14,062,500	-
- RM loan at COF + 2.00%	2021 - 2029	22,300,000	-	-	22,300,000	-	-
- RM loan at CFR + 2.00%	2021 - 2029	24,000,000	24,000,000	-	24,000,000	24,000,000	-
- RM loan at ECOF + 1.85%	2021 - 2028	34,387,042	9,623,300	-	34,387,042	9,623,300	-
- RM loan at CFR + 1.10%	2021 - 2031	14,022,840	-	-	14,022,840	-	-
- RM loan at ECOF + 2.00%	2019	-	40,276,803	5,000,000	-	40,276,804	5,000,000
- RM loan at BFR - 1.00%	2021 - 2024	6,893,329	-	-	-	-	-
		116,712,554	106,776,402	51,958,382	105,914,648	101,508,738	43,689,288
Total loans and borrowings (current and non-current)		265,911,250	246,258,084	180,571,115	212,046,635	212,760,750	137,049,413

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

23. Loans and borrowings (contd.)

(a) Lease liabilities

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

	Group 2019 RM	Company 2019 RM
At 1 January	7,994,881	859,926
Effect of adoption of MFRS 16:		
- Recognition (Note 2.2)	967,813	986,921
Additions (Note 12(i))	1,027,667	247,568
Interest charged (Note 6)	487,930	90,692
Payment of:		
- Principal	(3,140,972)	(1,230,766)
- Interest	(487,930)	(90,692)
At 31 December	6,849,389	863,649

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:

	Group 2019 RM	Company 2019 RM
Depreciation of right-of-use assets (Note 12(iii))	3,376,109	1,266,338
Interest expense on lease liabilities (Note 6)	487,930	90,692
Expenses relating to leases of low value assets (Note 7)	11,400	-
Expenses relating to short term leases (Note 7)	189,600	-

The Group and the Company had total cash outflows for leases amounting to RM3,829,902 and RM1,321,458, respectively in 2019.

There were no leases with residual value guarantee or leases which have yet to commence of which the Group and the Company have committed.

As at 31 December 2019, the Group also committed to short-term leases amounting to RM189,600. The Company did not commit to any short-term leases as at year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

23. Loans and borrowings (contd.)

(a) Lease liabilities (contd.)

The operating lease commitments as at 31 December 2018 is reconciled to arrive at the lease liabilities as at 1 January 2019 as follows:

	Group 2019 RM	**Company 2019** RM
Operating lease commitments as at 31 December 2018	1,298,819	1,346,819
Weighted average incremental borrowing rate as at 1 January 2019	5.5%	5.5%
Discounted using the lessee's incremental borrowing rate at the date of initial application	967,813	986,921
Lease liabilities recognised as at 1 January 2019	967,813	986,921

Obligations under finance lease

These obligations are secured by a charge over the leased asset (Note 12). The average discount rates implicit in the lease for the Group and the Company are 5.24% and 4.45% (2018: 5.96% and 4.63%) per annum, respectively.

(b) Other borrowings

The revolving credit facilities of the Group amounting to RM88 million (31 December 2018: RM105 million and 1 January 2018: RM101 million), are secured by a charge over the few parcels of land held for property development (Note 16), deposits with licensed banks (Note 21), two of the investment properties (Note 17.1) and RM25 million (2018: RM15 million) of the revolving credit are secured over a deed of assignment for one of the Group's project contract proceeds. During the year, interest was charged at rates ranging from 1% to 2% (2018: 1% to 2%) per annum above the bankers' cost of funds.

RM8.65 million of the Group's bank loans is secured over deed of assignment for the rights and benefits of the Extraction Agreement between Priority Trading Sdn. Bhd. and the Ibraco Spectrum Sdn. Bhd., a subsidiary of the Company. The other bank loans are secured by charges over the few parcels of land held for property development (Note 16) and investment properties (Note 17.1). Corporate guarantees were provided by the Company to banks on the subsidiaries' loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
As at 1 January	(11,716,227)	(12,771,747)	(9,196,937)	(7,653,760)
Effect of prior year adjustment (Note 37)	-	(881,631)	-	(1,150,825)
As at 1 January (restated)	(11,716,227)	(13,653,378)	(9,196,937)	(8,804,585)
Recognised in profit or loss (Note 10)	1,385,584	1,937,151	1,234,000	(392,352)
At 31 December	(10,330,643)	(11,716,227)	(7,962,937)	(9,196,937)

Presenting after appropriate offsetting as follows:				
Deferred tax assets	(10,330,643)	(11,716,227)	(7,962,937)	(9,196,937)
Deferred tax liabilities	-	-	-	-
	(10,330,643)	(11,716,227)	(7,962,937)	(9,196,937)

24. Deferred tax (contd.)

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

	Group			Company		
	2019	**2018**	**As at 1.1.2018**	**2019**	**2018**	**As at 1.1.2018**
	RM	RM	RM	RM	RM	RM
Deferred tax liabilities	1,897,937	1,951,334	32,712	-	-	-
Deferred tax assets	(12,228,580)	(13,667,561)	(13,686,090)	(7,962,937)	(9,196,937)	(8,804,585)
	(10,330,643)	(11,716,227)	(13,653,378)	(7,962,937)	(9,196,937)	(8,804,585)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax (contd.)

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

Deferred tax liabilities of the Group:

	Contract assets RM	Property, plant and equipment RM	Total RM
At 1 January 2019	1,677,207	274,127	1,951,334
Recognised in profit or loss	365,632	(419,029)	(53,397)
At 31 December 2019	2,042,839	(144,902)	1,897,937
At 1 January 2018	-	32,712	32,712
Recognised in profit or loss	1,677,207	241,415	1,918,622
At 31 December 2018	1,677,207	274,127	1,951,334

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax (contd.)

Deferred tax assets of the Group:

	Investment properties RM	Unabsorbed capital allowances RM	Staff leave balance RM	Unused tax losses RM	Provisions and accruals RM	Property development cost RM	Total RM
At 1 January 2019	(780,602)	-	(68,107)	-	(7,316,722)	(5,502,130)	(13,667,561)
Recognised in profit or loss	714,493	-	(10,900)	-	1,110,024	(374,636)	1,438,981
At 31 December 2019	(66,109)	-	(79,007)	-	(6,206,698)	(5,876,766)	(12,228,580)
At 1 January 2018	(690,259)	(611,833)	(53,876)	(547,900)	(9,137,570)	(1,763,021)	(12,804,459)
Effect of prior year adjustments (Note 37)	-	-	-	-	-	(881,631)	(881,631)
At 1 January 2018 (restated)	(690,259)	(611,833)	(53,876)	(547,900)	(9,137,570)	(2,644,652)	(13,686,090)
Recognised in profit or loss	(90,343)	611,833	(14,231)	547,900	1,820,848	(2,857,478)	18,529
At 31 December 2018	(780,602)	-	(68,107)	-	(7,316,722)	(5,502,130)	(13,667,561)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax (contd.)

Deferred tax liabilities/(assets) of the Company:

	Investment properties RM	Property, plant and equipment RM	Property development cost RM	Staff leave balance RM	Accruals RM	Total RM
At 1 January 2019	(593,273)	(114,040)	(3,776,485)	(68,107)	(4,645,032)	(9,196,937)
Recognised in profit or loss	527,164	195,827	376,666	(10,900)	145,243	1,234,000
At 31 December 2019	(66,109)	81,787	(3,399,819)	(79,007)	(4,499,789)	(7,962,937)
At 1 January 2018	(690,259)	(980,413)	(920,100)	(53,876)	(5,009,112)	(7,653,760)
Effect of adjustment	-	-	(1,150,825)	-	-	(1,150,825)
At 1 January 2018 (restated)	(690,259)	(980,413)	(2,070,925)	(53,876)	(5,009,112)	(8,804,585)
Recognised in profit or loss	96,986	866,373	(1,705,560)	(14,231)	364,080	(392,352)
At 31 December 2018	(593,273)	(114,040)	(3,776,485)	(68,107)	(4,645,032)	(9,196,937)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

24. Deferred tax (contd.)

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

	Group		
	2019	**2018**	**As at 1.1.2018**
	RM	RM	RM
Unused tax losses	950,000	950,000	1,165,000
Unabsorbed capital allowances	102,000	102,000	12,000
	1,052,000	1,052,000	1,177,000

As at 31 December 2019 and 2018, the deferred tax assets were not recognised as it was not probable that future taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised. The availability of the unused tax losses for offsetting against future taxable profits of the Group is subject to the provisions of the Income Tax Act 1967. The unused tax losses will expire in the Year of Assessment 2025.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

25. Trade and other payables

	Group			Company		
	2019	2018	As at 1.1.2018	2019	2018	As at 1.1.2018
	RM	RM	RM	RM	RM	RM
Current						
Trade payables						
Third parties	35,910,900	25,509,432	29,699,063	16,500,488	9,659,483	10,856,828
Accruals	62,650,213	42,473,183	36,544,309	40,131,502	36,841,709	33,596,916
Amount due to subsidiaries	-	-	-	94,689,869	60,606,553	17,233,135
Retention sum on contracts payable within 1 year	10,630,493	12,432,553	-	4,542,407	9,519,649	-
	109,191,606	80,415,168	66,243,372	155,864,266	116,627,394	61,686,879
Other payables						
Other payables	2,654,182	1,171,953	1,695,056	2,436,272	881,414	1,219,718
Accruals	8,252,818	7,170,068	2,610,170	6,871,604	6,121,368	1,970,730
Dividend payable	-	-	9,928,113	-	-	9,928,113
Amount due to subsidiaries	-	-	-	5,270,858	6,020,415	2,139,258
	10,907,000	8,342,021	14,233,339	14,578,734	13,023,197	15,257,819
Total trade and other payables (current)	120,098,606	88,757,189	80,476,711	170,443,000	129,650,591	76,944,698

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

25. Trade and other payables (contd.)

	Group			Company		
	2019	2018	As at 1.1.2018	2019	2018	As at 1.1.2018
	RM	RM	RM	RM	RM	RM
Non-current						
Trade payables						
Retention sum on contracts payable after 1 year	22,123,078	10,967,648	-	16,478,640	7,346,806	-
Total trade and other payables (current and non-current)	142,221,684	99,724,837	80,476,711	186,921,640	136,997,397	76,944,698

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 days to 60 days (2018: 30 days to 60 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 days (2018: 30 days).

(c) Amount due to subsidiaries

Amount due to subsidiaries under other payables are unsecured, bear interest at 5.75% (2018: 5.5%) and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

26. Other current liabilities

	Group 2019 RM	Group 2018 RM	Group As at 1.1.2018 RM	Company 2019 RM	Company 2018 RM	Company As at 1.1.2018 RM
Contract liabilities						
- Third parties - accrued billings in respect of property development costs and construction contracts	6,779,230	12,506,269	6,301,863	6,774,282	5,829,505	4,487,126
- Amount due to a subsidiary	-	-	-	10,834,969	18,438,377	24,872,897
Advance deposits made by a contract customers	3,391,487	9,290,599	10,000,000	-	-	-
	10,170,717	21,796,868	16,301,863	17,609,251	24,267,882	29,360,023

	Group 2019 RM	Group 2018 RM	Group As at 1.1.2018 RM	Company 2019 RM	Company 2018 RM	Company As at 1.1.2018 RM
Contract liabilities						
At 1 January	12,506,269	6,301,863	6,048,086	5,829,505	4,487,126	4,757,839
Revenue recognised during the year	15,840,062	68,150,853	44,209,970	15,840,062	13,192,978	25,761,057
Progress billings during the year	(21,567,101)	(61,946,447)	(43,956,193)	(14,895,285)	(11,850,599)	(26,031,770)
At 31 December	6,779,230	12,506,269	6,301,863	6,774,282	5,829,505	4,487,126

The Group's and the Company's contract liabilities due to third parties relate to advance consideration received from customers for construction contracts which revenue is recognised over time during the construction work. The contract liabilities are expected to be recognised as revenue over a period of one to six months (2018: one to six months).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures

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

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
(i) Rental expense of office building: Hiap Ghee Seng Sdn. Bhd. [(1)]	147,840	147,840	147,840	147,840
(ii) Rental expense of office building: Dr. Sharifah Deborah Sophia Ibrahim	408,000	408,000	408,000	408,000
(iii) Progress billings issued to Hiap Ghee Seng Sdn. Bhd. [(1)] - 8 storey strata-titled corporate office at NorthBank	8,287,500	14,713,500	8,287,500	14,713,500
(iv) Progress billings issued to Datuk Chew Chiaw Han - SOHO unit at Tabuan Tranquility Phase 3	168,000	67,200	168,000	67,200
- Apartments suite at ContiNew, Kuala Lumpur	379,626	189,813	379,626	189,813
- Apartments suite at NorthBank Avona	43,780	-	43,780	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures (contd.)

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

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
(v) Progress billings issued to Dr. Sharifah Deborah Sophia Ibrahim				
- SOHO units at Tabuan Tranquility Phase 3	883,960	-	883,960	-
- Apartment suite at ContiNew, Kuala Lumpur	280,883	-	280,883	-
(vi) Progress billings issued to Ng Kee Tiong for apartments suite at ContiNew, Kuala Lumpur	478,050	239,025	478,050	239,025
(vii) Progress billings issued to Ng Cheng Chuan for apartment suite at ContiNew, Kuala Lumpur	489,056	-	489,056	-
(viii) Progress billings issued to Liu Sze Leh (2) for apartment suite at ContiNew, Kuala Lumpur	195,156	97,578	195,156	97,578
(ix) Progress billings issued to Liu Sze Wei (3) for SOHO unit at Tabuan Tranquility Phase 3	216,500	86,600	216,500	86,600

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures (contd.)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
(x) Progress billings issued to Global Makna Sdn. Bhd. [4] for apartments suite at ContiNew, Kuala Lumpur	1,213,871	-	1,213,871	-
(xi) Progress billings issued to Liu Tow Hua for SOHO unit at Tabuan Tranquility Phase 3	216,500	86,600	216,500	86,600
(xii) Deposit paid by Dr. Sharifah Deborah Sophia Ibrahim for townhouse at NorthBank Alyvia	137,000	-	137,000	-
(xiii) Purchase of motor vehicle from Hiap Ghee Seng Sdn. Bhd. [1]	78,000	-	-	-
	======	======	======	======

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures (contd.)

(b) Transactions with subsidiaries:

	Company	
	2019	**2018**
	RM	RM
Interest charged by subsidiaries:		
Ibraco Construction Sdn. Bhd.	3,107,613	1,184,098
Ibraco HGS Sdn. Bhd.	716,245	421,496
Foso One Sdn. Bhd.	222,606	189,215
Ibraco Quarry Sdn. Bhd.	-	115,847
Syarikat Ibraco-Peremba Sdn. Bhd.	315,424	289,343
Interest charged to subsidiaries:		
Ibraco Pelita Sdn. Bhd.	253,818	230,125
Warisar Sdn. Bhd.	3,149,802	2,138,222
Ibraco Infinity Sdn. Bhd.	16,226	15,774
Marketing fee charged to a subsidiary:		
Warisar Sdn. Bhd.	497,390	280,485
Landscaping services from a subsidiary:		
Ibraco Spectrum Sdn. Bhd.	1,800	1,800
Sub contractors billings from a subsidiary:		
Ibraco Construction Sdn. Bhd.	119,553,130	83,773,881
	=========	=========

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

27. Related party disclosures (contd.)

(c) Compensation of key management personnel:

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Executive directors' remuneration:				
Fees	36,000	36,000	-	-
Salaries and other emoluments	1,130,606	1,057,056	1,130,606	1,057,056
	1,166,606	1,093,056	1,130,606	1,057,056
Non-executive directors' remuneration:				
Fees (Note 7)	634,150	591,650	571,750	529,250
Total directors' remuneration	1,800,756	1,684,706	1,702,356	1,586,306
Estimated money value of benefits-in-kind	39,200	36,800	39,200	36,800
Total directors' remuneration including benefits-in-kind	1,839,956	1,721,506	1,741,556	1,623,106
Short term employee benefits	2,396,730	2,616,088	2,396,730	2,421,488
Long term employee benefits	95,317	193,826	95,317	193,826
Defined contribution plan	275,435	314,191	275,435	290,845
Other short-term benefits	5,593	6,748	5,593	5,860
Benefits-in-kind	54,521	73,317	54,521	64,900
	2,827,596	3,204,170	2,827,596	2,976,919

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

28. Commitments

(a) Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of 1 to 15 years (2018: 2 to 9 years). All leases include a clause to enable upward revision of the rental charge once in every three years based on pre-agreed rate.

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

	Group and Company	
	2019	**2018**
	RM	RM
Not later than 1 year	3,883,525	3,508,017
Later than 1 year but not later than 5 years	10,059,450	14,263,515
Later than 5 years	46,965,600	11,161,869
	60,908,575	28,933,401

(b) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	RM	RM	RM
Approved and contracted for:				
Investment properties	4,858,338	29,543,639	5,005,495	30,579,991
Property, plant and equipment	13,242,371	14,373,576	12,317,208	15,080,915
	18,100,709	43,917,215	17,322,703	45,660,906

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

29. Fair value of financial instruments

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

	Note	2019 Carrying amount RM	2019 Fair value RM	2018 Carrying amount RM	2018 Fair value RM	As at 1.1.2018 Carrying amount RM	As at 1.1.2018 Fair value RM
Financial liabilities:							
Group							
Loans and borrowings - Non-current obligations under lease arrangements (hire purchase)	30	-	-	5,645,799	6,325,329	7,766,640	8,032,737
		=======	=======	=======	=======	=======	=======
Company							
Loans and borrowings - Non-current obligations under lease arrangement (hire purchase)	30	-	-	378,134	497,769	859,926	821,347
		=======	=======	=======	=======	=======	=======

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

29. Fair value of financial instruments (contd.)

(b) Determination of fair value

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

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

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

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

(ii) Trade receivables and trade payables

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

(iii) Loans and borrowings

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

(iv) Financial guarantees

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

30. Fair value measurement

Fair value hierarchy

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

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

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

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

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

Quantitative disclosures fair value measurement hierarchy as at 31 December 2019 and 31 December 2018 were as follows:

	Note	**Date of valuation**	**Level 1** RM	**Level 2** RM	**Level 3** RM	**Total** RM
Group						
Assets for which fair values are disclosed						
Completed investment properties	17.1	31 December 2019	-	-	110,800,000	110,800,000
		31 December 2018	-	-	56,880,000	56,880,000
		1 January 2018	-	-	56,880,000	56,880,000
			=======	=======	========	========
Investment property under construction	17.2	31 December 2019	-	-	-	-
		31 December 2018	-	-	23,418,919	23,418,919
		1 January 2018	-	-	6,614,835	6,614,835
			=======	=======	========	========

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

30. Fair value measurement (contd.)

Fair value hierarchy (contd.)

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

Quantitative disclosures fair value measurement hierarchy as at 31 December 2019 and 31 December 2018 were as follows: (contd.)

	Note	Date of valuation	Level 1	Level 2	Level 3	Total
			RM	RM	RM	RM
Group (contd.)						
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings - Obligations under lease arrangement (hire purchase)	29(a)	31 December 2019	-	-	-	-
		31 December 2018	-	6,325,329	-	6,325,329
		1 January 2018	-	8,032,737	-	8,032,737
Assets measured at fair value						
Investment securities	20	31 December 2019	-	-	-	-
		31 December 2018	-	-	-	-
		1 January 2018	9,344	-	-	9,344

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

30. Fair value measurement (contd.)

Fair value hierarchy (contd.)

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

Quantitative disclosures fair value measurement hierarchy as at 31 December 2019 and 31 December 2018 were as follows: (contd.)

	Note	Date of valuation	Level 1	Level 2	Level 3	Total
			RM	RM	RM	RM
Company						
Assets for which fair values are disclosed						
Completed investment properties	17.1	31 December 2019	-	-	110,800,000	110,800,000
		31 December 2018	-	-	56,880,000	56,880,000
		1 January 2018	-	-	56,880,000	56,880,000
			=======	====	========	========
Investment property under construction	17.2	31 December 2019	-	-	-	-
		31 December 2018	-	-	24,040,963	24,040,963
		1 January 2018	-	-	6,750,343	6,750,343
			=======	====	========	========
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings - Obligations under lease arrangements (hire purchase)	29(a)	31 December 2019	-	-	-	-
		31 December 2018	-	497,769	-	497,769
		1 January 2018	-	821,347	-	821,347
			=======	=======	========	========

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

31. Changes in liabilities arising from financing activities

Group

	1 January 2018 RM	Others RM	New leases RM	Cash flows RM	31 December 2018 RM	Adoption of MFRS 16 (Note 2.2) RM	New leases RM	Others RM	Cash flows RM	31 December 2019 RM
Current interest-bearing loans and borrowings (excluding items listed below)	126,327,445	27,131,438	-	(16,326,284)	137,132,599	-	-`	84,166,503	(74,777,952)	146,521,150
Current obligations under lease arrangements	2,285,288	2,458,148	50,693	(2,445,047)	2,349,082	297,614	290,486	2,881,336	(3,140,972)	2,677,546
Non-current interest-bearing loans and borrowings (excluding items listed below)	44,191,742	(27,131,438)	-	84,070,300	101,130,604	-	-	(84,166,503)	95,576,610	112,540,711
Non-current obligations under lease arrangement	7,766,640	(2,458,148)	337,307	-	5,645,799	670,199	737,181	(2,881,336)	-	4,171,843
Total liabilities from financing activities	180,571,115	-	388,000	65,298,969	246,258,084	967,813	1,027,667	-	17,657,686	265,911,250

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

Company

	1 January 2018 RM	Others RM	Cash flows RM	31 December 2018 RM	Adoption of MFRS 16 (Note 2.2) RM	New leases RM	Others RM	Cash flows RM	31 December 2019 RM
Current interest-bearing loans and borrowings (excluding items listed below)	92,806,038	25,769,058	(7,804,876)	110,770,220	-	-	83,822,803	(89,057,419)	105,535,604
Current obligations under lease arrangement	554,087	481,792	(554,087)	481,792	316,722	247,568	781,067	(1,230,766)	596,383
Non-current interest-bearing loans and borrowings (excluding items listed below)	42,829,362	(25,769,058)	84,070,300	101,130,604	-	-	(83,822,803)	88,339,581	105,647,382
Non-current obligations under lease arrangements	859,926	(481,792)	-	378,134	670,199	-	(781,067)	-	267,266
Total liabilities from financing activities	137,049,413	-	75,711,337	212,760,750	986,921	247,568	-	(1,948,604)	212,046,635

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

32. Financial risk management objectives and policies

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

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

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

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

(a) Credit risk

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

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

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

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

(ii) a nominal amount of RM115,117,800 (2018: RM130,917,800) relating to corporate guarantees provided by the Company to banks and financial institutions for the subsidiaries' loans and borrowings.

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

(b) Liquidity risk

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

The Group and the Company maintain sufficient liquid financial assets and stand-by credit facilities with eight different banks. At the reporting date, 56% (2018: 57%) and 50% (2018: 52%) of the Group's and the Company's loans and borrowings (Note 23), respectively, will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2019				
Group				
Financial liabilities				
Trade and other payables	120,098,606	22,123,078	-	142,221,684
Loans and borrowings	153,304,639	86,739,488	55,077,241	295,121,368
Total undiscounted financial liabilities	273,403,245	108,862,566	55,077,241	437,343,052
Company				
Financial liabilities				
Trade and other payables	178,280,735	17,006,433	-	195,287,168
Loans and borrowings	109,284,140	76,587,569	53,418,244	239,289,953
Financial guarantee contracts*	115,117,800	-	-	115,117,800
Total undiscounted financial liabilities	402,682,675	93,594,002	53,418,244	549,694,921

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

(b) Liquidity risk (contd.)

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2018				
Group				
Financial liabilities				
Trade and other payables	88,757,189	10,967,648	-	99,724,837
Loans and borrowings	141,980,884	92,442,401	24,667,585	259,090,870
Total undiscounted financial liabilities	230,738,073	103,410,049	24,667,585	358,815,707
Company				
Financial liabilities				
Trade and other payables	133,821,170	7,517,572	-	141,338,742
Loans and borrowings	113,155,249	86,726,799	24,667,585	224,549,633
Financial guarantee contracts*	130,917,800	-	-	130,917,800
Total undiscounted financial liabilities	377,894,219	94,244,371	24,667,585	496,806,175

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

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

(c) Interest rate risk

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

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

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM250,165 (2018: RM224,396) and RM233,724 (2018: RM221,808) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Real estate risk

The Group and the Company have identified the following risks associated with the real estate portfolio:

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

- Major tenants may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group and the Company review the financial status of prospective tenants and decide on the appropriate level of security required via rental deposits or guarantees.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

33. Financial assets and financial liabilities

(a) Financial assets

	Group			Company		
	2019	2018	As at 1.1.2018	2019	2018	As at 1.1.2018
	RM	RM	RM	RM	RM	RM
Financial assets at fair value through profit and loss						
Investment securities (Note 20)	-	-	9,344	-	-	-
Current and non-current debt instruments at amortised cost						
Trade and other receivables (Note 18)	62,213,215	39,651,509	31,110,778	86,379,011	97,658,591	57,070,761
Cash and bank balances (Note 21)	25,270,306	47,519,136	37,696,717	15,749,913	24,798,834	24,147,217
Total current and non-current debt instruments at amortised cost	87,483,521	87,170,645	68,807,495	102,128,924	122,457,425	81,217,978
Total financial assets	87,483,521	87,170,645	68,816,839	102,128,924	122,457,425	81,217,978

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

33. Financial assets and financial liabilities (contd.)

(b) Financial liabilities

	Group 2019 RM	Group 2018 RM	Group As at 1.1.2018 RM	Company 2019 RM	Company 2018 RM	Company As at 1.1.2018 RM
Current and non-current financial liabilities at amortised cost						
Trade and other payables (Note 25)	142,221,684	99,724,837	80,476,711	186,921,640	136,997,397	76,944,698
Loans and borrowings (Note 23)	265,911,250	246,258,084	180,571,115	212,046,635	212,760,750	137,049,413
Total current and non-current financial liabilities	408,132,934	345,982,921	261,047,826	398,968,275	349,758,147	213,994,111

34. Segment information

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

The Group's main business segments are property development, property holding and management and construction works. Revenue and profit generated from landscaping works is insignificant compared to the Group's overall revenue and profit.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

34. Segment information (contd.)

	Property development activities		Property holding and management		Construction works		Elimination			Per consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	Note	2019	2018
	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
Revenue:											
External customers	271,449,140	180,048,496	4,000,573	4,076,458	95,797,064	54,957,875	-	-		371,246,777	239,082,829
Inter-segment	-	-	-	-	133,652,556	105,058,128	(133,652,556)	(105,058,128)	A	-	-
Total revenue	271,449,140	180,048,496	4,000,573	4,076,458	229,449,620	160,016,003	(133,652,556)	(105,058,128)		371,246,777	239,082,829
Results:											
Interest income	1,642,974	1,268,839	-	-	4,486,885	3,270,104	(5,757,385)	(4,301,779)	B	372,474	237,164
Dividend income from investment securities	26	316	-	-	-	-	-	-		26	316
Fair value (loss)/gain on investment properties	(1,395,119)	-	-	-	-	-	1,684,798	-		289,679	-
Depreciation	1,454,845	912,175	16,209	15,024	661,660	716,199	-	-		2,132,714	1,643,398
Other non-cash expenses	2,842,385	3,786	-	-	-	133,167	-	-	C	2,842,385	136,953
Segment profit	27,135,911	10,449,231	1,953,908	2,596,737	14,202,749	16,392,900	5,294,862	8,498,467		48,587,430	37,937,335
Assets:											
Additions to non-current assets	33,963,690	12,766,659	31,274,156	17,301,135	1,036,470	584,825	(1,850,716)	(824,368)	D	64,423,600	29,828,251
Segment assets	595,239,835	619,641,057	114,816,228	81,513,218	146,747,617	100,008,212	(61,192,092)	(79,469,432)		795,611,588	721,693,055
Segments liabilities	267,767,266	271,138,144	34,704,342	15,583,725	128,119,113	93,183,283	(12,287,070)	(12,125,363)		418,303,651	367,779,789

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

34. Segment information (contd.)

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

A. Inter-segment revenues are eliminated on consolidation.

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

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

	2019 RM	**2018** RM
Property, plant and equipment written off	-	136,953
Property development cost written off	2,842,385	-
	2,842,385	136,953

D. Additions to non-current assets consist of:

	2019 RM	**2018** RM
Intangible asset	5,765,673	-
Investment in associate	3,381,000	48,951
Investment in joint venture	1	-
Inventories - land held for development	413,269	68,381
Property, plant and equipment	24,652,255	12,906,835
Investment property under construction	30,211,402	16,804,084
	64,423,600	29,828,251

35. Capital management

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

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital comprises equity attributable to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

35. Capital management (contd.)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Loans and borrowings	23	265,911,250	246,258,084	212,046,635	212,760,750
Trade and other payables	25	142,221,684	99,724,837	186,921,640	136,997,397
Less: Cash and bank balances	21	(25,270,306)	(47,519,136)	(15,749,913)	(24,798,834)
Net debt		382,862,628	298,463,785	383,218,362	324,959,313
Equity attributable to the owners of the Company		360,555,829	338,326,000	325,450,563	319,625,279
Capital and net debt		743,418,457	636,789,785	708,668,925	644,584,592
Gearing ratio		52%	47%	54%	50%

36. Dividends

	Group and Company 2019 RM	Group and Company 2018 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim single-tier dividend for 2019: 1.00 sen per share	4,964,057	-
- Final single-tier dividend for 2018: 1.50 sen per share	7,446,085	-
- Final single-tier dividend for 2017: 0.75 sen per share	-	3,723,041
	12,410,142	3,723,041

The directors do not recommend the payment of any final dividend for the current financial year.

37. Prior Year Adjustments

In the previous financial year, borrowing costs in relation to property development costs and properties held for sale were capitalised. The borrowing costs incurred for the construction contract have also been classified under cost of sales.

During the financial year, the Directors have reassessed and considered that property development costs and properties held for sale do not meet the definition of a qualifying asset under MFRS 123. This has resulted in a cumulative adjustment in the Group and Company's retained earnings as at 1 January 2018 of RM3,485,543 and RM3,644,280 and as at 31 December 2018 of RM6,678,735 and RM5,333,226, respectively.

37. Prior Year Adjustments (contd.)

The effect of the prior year adjustments are as follows:

	Group			Company		
	As previously reported RM	Effect of prior year adjustment RM	Restated RM	As previously reported RM	Effect of prior year adjustment RM	Restated RM
Statement of Financial Position						
At 31 December 2018						
Deferred tax asset	10,273,572	1,442,655	11,716,227	7,512,760	1,684,177	9,196,937
Inventories	390,074,367	(8,945,654)	381,128,713	328,058,842	(7,017,403)	321,041,439
Retained earnings	96,801,909	(6,678,735)	90,123,174	76,755,679	(5,333,226)	71,422,453
Non-controlling interest	16,411,532	(824,266)	15,587,266	-	-	-
At 1 January 2018						
Deferred tax asset	12,771,747	881,631	13,653,378	7,653,760	1,150,825	8,804,585
Inventories	348,537,615	(5,069,355)	343,468,260	293,957,348	(4,795,105)	289,162,243
Retained earnings	70,387,136	(3,485,543)	66,901,593	68,400,872	(3,644,280)	64,756,592
Non-controlling interest	16,184,385	(702,182)	15,482,203	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

37. Prior Year Adjustments (contd.)

The effect of the prior year adjustments are as follows: (contd.)

	Group				Company		
	As previously reported RM	**Effect of prior year adjustment** RM	**Reclassification of borrowing cost** RM	**Restated** RM	**As previously reported** RM	**Effect of prior year adjustment** RM	**Restated** RM
Statement of profit or loss and other comprehensive income							
For the financial year ended 31 December 2018							
Cost of sales	168,550,921	(3,076,761)	(2,085,014)	163,389,146	117,976,267	(3,660,726)	114,315,541
Finance cost	4,310,481	6,953,061	2,085,014	13,348,556	6,017,115	5,883,025	11,900,140
Income tax expense	11,448,674	(561,024)	-	10,887,650	4,604,729	(533,352)	4,071,377
Profit net of tax	30,364,961	(3,315,276)	-	27,049,685	12,077,848	(1,688,946)	10,388,902
Non-controlling interests	227,147	(122,084)	-	105,063	-	-	-
	========	========	========	========	========	========	========

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

37. Prior Year Adjustments (contd.)

The effect of the prior year adjustments are as follows: (contd.)

	Group			Company		
	As previously reported RM	**Effect of prior year adjustment** RM	**Restated** RM	**As previously reported** RM	**Effect of prior year adjustment** RM	**Restated** RM
Statement of cash flows						
For the financial year ended 31 December 2018						
Operating activities						
Profit before tax	41,813,635	(3,876,300)	37,937,335	16,682,577	(2,222,298)	14,460,279
Adjustments for:						
Interest expense	4,310,481	9,038,075	13,348,556	6,017,115	5,883,025	11,900,140
Changes in working capital						
Inventories	(36,054,056)	(1,674,778)	(37,728,834)	(28,385,604)	(3,552,375)	(31,937,979)
Other current assets	(28,426,075)	(2,085,014)	(30,511,089)	(33,135,594)	-	(33,135,594)
Cash generated/(used in) operations	9,301,550	1,401,987	10,703,537	(16,225,225)	108,352	(16,116,873)
Interest paid	(11,946,569)	1,401,987	(13,348,556)	(11,791,788)	(108,352)	(11,900,140)
	========	========	========	========	========	========

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

38. Significant event

On 3 July 2019, a subsidiary of the Company, Ibraco Quarry Sdn. Bhd.("IQSB") has entered into an Extraction Agreement ("the Agreement") with Priority Trading Sdn. Bhd. ("PTSB"). PTSB has exclusively engaged and appointed IQSB to carry on quarry operations and activities for the purpose of extracting, preparing and delivering Stone Product to the Ex-Quarry Point during the Term of the Agreement.

The Extraction Agreement includes the acquisition of the quarry's property, plant and equipment and the right to operate the quarry for a consideration of RM11 million. The fair value of the assets acquired have been determined based on valuation performed by an accredited independent valuer with relevant experience in the nature of the assets being valued. The valuation of the property, plant and equipment and the right to operate the quarry were based on the depreciated replacement cost method and the discounted cash flow method, respectively.

As the acquisition is accounted for as an acquisition of assets, the consideration paid was allocated to the identifiable assets acquired based on their relative fair values at the date of purchase as follows:

	RM
Property, plant and equipment	5,234,327
Intangible assets (Note 13)	5,765,673
	11,000,000

39. Subsequent events

(i) Incorporation of a subsidiary

On 5 March 2020, a subsidiary of the Company, Ibraco Construction Sdn. Bhd. incorporated a new subsidiary, Dynaciate Engineering Ibraco Construction JV Sdn. Bhd. of which it subscribed 70% equity interest for RM70,000, settled in cash.

(ii) Non-adjusting event after the reporting period

The novel coronavirus ("COVID-19") pandemic has affected many businesses and the Malaysian economy as a whole. On 16 March 2020, the Malaysian Government issued the Movement Control Order ("MCO") from 18 to 31 March 2020 as a preventive measure against the spread of COVID-19 which requires the closure of all government and private premises except for those involved in the provision of essential services. As the Group's principal activities comprise mainly property development and construction, there was disruption to the Group's operations during the MCO period, which was extended until 12 May 2020 as announced by the Prime Minister. The threats posed by the Covid-19 outbreak continue to spiral and many businesses have been crippled by the loss in earnings and disruption in the supply chains.

Given the evolving nature of the conditions, there will be challenges on the recoverability of the Group's and the Company's assets, given the disruption to the property development and construction activities which may affect the performance of the property development and construction works segments. The occurrence of COVID-19 outbreak is not an adjusting post balance sheet event. The effects of COVID-19 would potentially impact the judgement and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of financial assets, fair value measurements of investment properties, write down of inventories to net realisable values and impairment assessment of non- current assets.

As of the date of this report, the Group is unable to reasonably quantify the financial impact of the COVID-19 to the Group's and the Company's cashflow, financial results and financial position. The Group will continue to monitor the development of these events and provide further updates on the financial impact and mitigating actions relating to the COVID-19 pandemic in its forthcoming quarterly financial reports and will recognise the financial impact in the financial statements for the financial year ending 31 December 2020 accordingly.

ANALYSIS OF SHAREHOLDINGS
AS AT 10 JUNE 2020

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

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

	Shareholders		Shareholdings	
Size of shareholding	**No.**	**%**	**No.**	**%**
Less than 100	28	3.31	967	0.00
100 to 1,000	373	44.14	119,467	0.02
1,001 to 10,000	221	26.15	1,120,560	0.23
10,001 to 100,000	155	18.34	5,955,622	1.20
100,001 and 24,820,281(*)	64	7.57	153,196,960	30.86
24,820,282 and above (**)	4	0.47	336,012,076	67.69
Total	**845**	**100.00**	**496,405,652**	**100.00**

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

SUBSTANTIAL SHAREHOLDERS

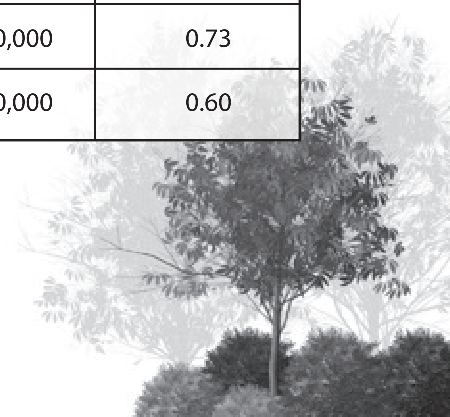
	No. of shares held			
Name	**Direct**	**%**	**Indirect**	**%**
Sharifah Deborah Sophia Ibrahim	99,366,120	20.02	-	-
Ng Cheng Chuan	87,077,478	17.54	35,720,720 *	7.20
Hiap Ghee Seng Sdn. Bhd.	130,619,438	26.32	-	-
Datuk Chew Chiaw Han	15,875,440	3.19	130,619,438 **	26.32
Chia Kwai Lin	35,720,720	7.20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

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

ANALYSIS OF SHAREHOLDINGS
AS AT 10 JUNE 2020

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

No.	Shareholder Name	No. of Shareholdings	% of Shareholding
1.	RHB Nominees (Asing) Sdn. Bhd. Exempt An for RHB Securities Singapore Pte. Ltd. (A/C Clients)	108,975,064	21.95
2.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AmBank (M) Berhad for Hiap Ghee Seng Sdn.Bhd.	102,016,078	20.55
3.	Sharifah Deborah Sophia Ibrahim	99,366,120	20.02
4.	Kenanga Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ng Cheng Chuan	25,654,814	5.17
5.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Microsite Enterprise Sdn. Bhd.	24,475,920	4.93
6.	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (Client Account)	22,546,192	4.54
7.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiap Ghee Seng Sdn. Bhd.	22,134,898	4.46
8.	Pelita Holdings Sdn. Bhd.	12,211,080	2.46
9.	UOBM Nominees (Tempatan) Sdn. Bhd. United Overseas Bank Nominees (Pte.) Ltd. for Chew Chiaw Han	8,546,720	1.72
10.	Lee Keck Liang	7,192,708	1.45
11.	Ong Hong Lian	6,776,300	1.37
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiap Ghee Seng Sdn. Bhd.	6,468,462	1.30
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Chiaw Han	4,480,000	0.90
14.	Tan Hock Liong	3,600,000	0.73
15.	Orienter Intertrade Co. Sdn. Bhd.	3,000,000	0.60



ANALYSIS OF SHAREHOLDINGS

AS AT 10 JUNE 2020

TOP THIRTY SHAREHOLDERS (CONTD.)

No.	Shareholder Name	No. of Shareholdings	% of Shareholding
16.	Khor Kowi Kim	2,855,500	0.58
17.	Chew Chiaw Han	2,848,720	0.57
18.	Phang Chung Tchet	2,340,240	0.47
19.	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (Clients)	2,196,600	0.44
20.	Ting Ding Ing	1,625,120	0.33
21.	Ong Li Xin	1,600,000	0.32
22.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Ng Chee Meng	1,543,920	0.31
23.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hemang Yu Abit	1,155,000	0.23
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Kee Tiong	1,099,120	0.22
25.	Chin Chiew Ted	1,005,000	0.20
26.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Kah Huat	749,600	0.15
27.	Goh Lee Fung	700,000	0.14
28.	Chieng Ung Kwong	686,000	0.14
29.	Sim Wee Ann	646,600	0.13
30.	Chew Miaw Ee	607,920	0.12

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

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

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

LIST OF MATERIAL PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2019

No.	Location	Term of Lease/ Date of Expiry of Lease	Description & Existing Land Use	Land Area		Age of buildings	At Cost/ Net Book Value	Date of Acquisition
				Hectare	Acre	Year	RM	
1	GRN78930 Lot 20019 Seksyen 65, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan KL	Freehold/ Perpetuity	Vacant Commercial Land Approved for Mixed Development	0.5825	1.4393	-	55,000,000	26.03.2015
2	Lot 3830, Block 12, Muara Tebas LD, Kuching	60 years/ 17.11.2071	Educational Institution	2.436	6.0195	0.2	54,001,291	14.11.2011
3	Lot 16766, Block 11, Muara Tebas LD, Kuching	Freehold/ Perpetuity	Single Storey Commercial Mall	2.621	6.4766	9.0	45,187,638	29.12.2010
4	Lot 2975, Block 12, Muara Tebas LD, Sg Laru, Kuching	60 years/ 17.11.2071	Vacant Agricultural Land with Conditional Approval for Mixed Development	47.064	116.2505	-	39,001,329	14.11.2011
5	H.S.(D)120172, No. PT12, Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor	99 years/ 06.10.2097	Vacant Commercial Land	0.8150	2.0139	-	16,486,680	11.09.2017
6	H.S.(D)120171, No. PT11, Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor	99 years/ 06.10.2097	Vacant Commercial Land	0.6219	1.5367	-	12,441,777	11.09.2017
7	Lot 3530, Muara Tebas LD, Sg. Nida, Kuching*	Freehold/ Perpetuity	Residential Development	2.0113	4.9700	-	8,128,949	29.12.2010
8	H.S.(D)120169, No. PT9, Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor	99 years/ 06.10.2097	Vacant Commercial Land	0.3505	0.8660	-	8,071,952	11.09.2017
9	Lot 4271, Muara Tebas LD, Ulu Sg. Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.8400	14.4310	-	5,993,038	30.07.2003
10	Lot 4587, Muara Tebas LD, Sg. Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.4190	13.3910	-	5,561,006	04.08.2003

* Ibraco Berhad as the beneficial owner.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting ("**AGM**") of Ibraco Berhad will be held at No.6 The NorthBank, Off Kuching-Samarahan Expressway, 93350 Kuching, Sarawak on **Friday, 21 August 2020 at 11.30 a.m.** to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. *(Please refer Explanatory Note 1)*

2. To approve the payment of Directors' fees of up to RM1,000,000 and benefits payable to the Directors up to an aggregate amount of RM60,000 from 1 January 2020 until the next AGM of the Company. Resolution No. 1

3. To re-elect the following Directors who are retiring by rotation in accordance with Article 93 of the Company's Constitution:- *(Please refer Explanatory Note 2)*

   i. YBhg. Datuk Chew Chiaw Han — Resolution No. 2
   ii. Puan Sharifah Deborah Sophia Ibrahim — Resolution No. 3
   iii. Mr. Ng Kee Tiong — Resolution No. 4

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

AS SPECIAL BUSINESS

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

5. <u>Proposed Retention of Independent Directors</u> *(Please refer Explanatory Note 3)*
   "THAT approval be and is hereby given to the following Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years to continue to act as Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance :-

   a) YBhg. Datuk (Dr) Philip Ting Ding Ing — Resolution No. 6
   b) Mr. Guido Paul Philip Joseph Ravelli — Resolution No. 7
   c) Mr. Ng Kee Tiong *(subject to the passing of Resolution No. 4)"* — Resolution No. 8

6. <u>Authority to Allot and Issue Shares Pursuant to Sections 75 & 76 of the Companies Act 2016</u> Resolution No. 9 *(Please refer Explanatory Note 4)*
   "THAT subject always to the Companies Act 2016 ("**ACT**"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of any relevant authorities, where such approval is required, the Directors be and are hereby authorized and empowered pursuant to Sections 75 & 76 of the Act to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten (10) percent of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next AGM of the Company."

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature Involving Ibraco Berhad and Its Subsidiaries ("Ibraco Group") and Directors and Major Shareholders of Ibraco Berhad and Persons Connected With Them

   Resolution No. 10 *(Please refer Explanatory Note 5)*

   "THAT approval be and is hereby given pursuant to Chapter 10.09 of the Main Market Listing Requirements of Bursa Securities for the Company, its subsidiaries or any one of them to enter into the specified recurrent transactions of a revenue or trading nature with the related parties stated in Section 2.3 of the Circular to Shareholders dated 29 June 2020 which is necessary for its day-to-day operations, in its ordinary course of business, made on an arm's length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company.

   AND THAT the approval given in the aforesaid paragraph, unless revoked or varied by the shareholders of the Company in its general meeting, shall continue to be in force until the conclusion of the next AGM of the Company, following this general meeting at which this mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act), whichever is earlier.

   AND THAT the aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year of the Company be disclosed in the annual report by providing a breakdown of the aggregate value of the transaction, amongst others, based on the following information:-

   (a) the type of transactions made; and
   (b) the names of the related parties involved in each type of transactions made and their relationship with the Company and its subsidiaries.

   AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required or approved or permitted by the relevant authorities) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate described in the Circular to Shareholders dated 29 June 2020 and/or this resolution."

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

By order of the Board,

Yeo Puay Huang [SSM PC No. 202008000727 (LS0000577)]
May Wong Mei Ling [SSM PC No. 202008002420 (MIA 18483)]
Company Secretaries
29 June 2020

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 14 August 2020 be regarded as members and entitled to attend, speak and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may be but need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal or under the hand of its duly authorized officer. An instrument appointing a proxy to vote at the meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.
4. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy must be deposited at the Company's Registered Office at No.6 The NorthBank, Off Kuching-Samarahan Expressway, 93350 Kuching, Sarawak not less than 48 hours before the time for holding the 48th AGM or at any adjournment thereof.
6. The Company will continue to monitor the Covid-19 pandemic situation closely and may adopt further procedures and measures at short notice as public health situation changes. Members can check further update on the Company's website at www.ibraco.com.

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

Explanatory Note 2
The profiles of the Director standing for re-election are set out in the Profile of Directors appearing on pages 13 to 16 of the Annual Report 2019. Their shareholdings in the Company are set out in the Analysis of Shareholdings on page 160 of this Annual Report.

Explanatory Note 3
The Nomination Committee and the Board have assessed the independence of YBhg. Datuk (Dr) Philip Ting Ding Ing, Mr. Guido Paul Philip Joseph Ravelli and Mr. Ng Kee Tiong, who have served for a cumulative term of more than nine years and the Board has recommended that the approval of the shareholders be sought to re-appoint YBhg. Datuk (Dr) Philip Ting Ding Ing, Mr. Guido Paul Philip Joseph Ravelli and Mr. Ng Kee Tiong as Independent Non-Executive Directors of the Company. The full details of the justification and recommendations for the retention are set out in the Statement of Corporate Governance in the Annual Report 2019.

Explanatory Note 4
The proposed Resolution No. 9, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interests of the Company. This authority unless revoked or varied at a general meeting will expire at the next AGM.

The Company had not issued any new shares pursuant to Sections 75 & 76 of the Act under the general authority which was approved by the shareholders of the Company at the 47th AGM held on 24 May 2019 and which will lapse at the conclusion of the 48th AGM to be held on 21 August 2020 and hence, no proceed was raised therefrom. A renewal of this authority is being sought at the 48th AGM under Ordinary Resolution No. 9.

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

Explanatory Note 5
The explanatory notes on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 29 June 2020 which is dispatched together with the 2019 Annual Report of the Company.

IBRACO BERHAD
(197101000730 (011286-P))
Incorporated in Malaysia

FORM OF PROXY

No. of Shares Held :

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

of ....
(Full Address)

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

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

of ....
(Full Address)

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

of ....
(Full Address)

or failing him/her, the Chairman of the meeting as *my/our proxy/proxies to vote for *me/us on my/our behalf, at the Forty-Eighth Annual General Meeting of the Company to be held at No.6 The NorthBank, Off Kuching-Samarahan Expressway, 93350 Kuching, Sarawak on Friday, 21 August 2020 at 11.30 a.m. and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	Approval for the payment of Directors' Fees		
2.	Re-election of YBhg. Datuk Chew Chiaw Han		
3.	Re-election of Puan Sharifah Deborah Sophia Ibrahim		
4.	Re-election of Mr. Ng Kee Tiong		
5.	Re-appointment of Messrs. Ernst & Young PLT as Auditors		
6.	Retention of YBhg. Datuk (Dr.) Philip Ting Ding Ing as Independent Director		
7.	Retention of Mr. Guido Paul Philip Joseph Ravelli as Independent Director		
8.	Retention of Mr. Ng Kee Tiong as Independent Director		
9.	Authorise Directors to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016.		
10.	Proposed Shareholder's Mandate		

(Please indicate with an "X" in the spaces above how you wish your votes to be cast on the resolution specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy/proxies will vote or abstain from voting as he/she/they think(s) fit.)

Date this

....
Signature of Shareholder(s)/Common Seal

NOTES:

1. *Only depositors whose names appear in the Record of Depositors as at 14 August 2020 be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may be but need not be a member of the Company.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal or under the hand of its duly authorized officer. An instrument appointing a proxy to vote at the meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.*
4. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy must be deposited at the Company's Registered Office at No.6 The NorthBank, Off Kuching-Samarahan Expressway, 93350 Kuching, Sarawak not less than 48 hours before the time for holding the 48th AGM or at any adjournment thereof.*
6. *The Company will continue to monitor the Covid-19 pandemic situation closely and may adopt further procedures and measures at short notice as public health situation changes. Members can check further update on the Company's website at www.ibraco.com.*

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AFFIX
STAMP
HERE

To: The Company Secretaries

IBRACO BERHAD
(197101000730 (011286-P))

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