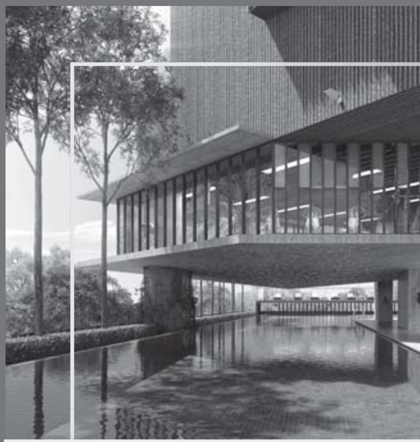

G Residence

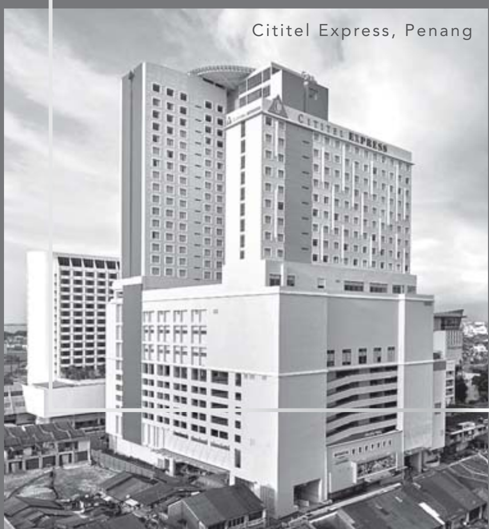



Stonor 3


The Wembley, Penang

IGB Corporation Berhad (5745-A)


The Tank Stream, Sydney


Cititel Express, Penang


Cititel Express, Ipoh

Annual Report 2015

IGB Corporation Berhad (5745-A)

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CORPORATE INFORMATION

BOARD OF DIRECTORS ("BOARD")

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

Dato' Seri Robert Tan Chung Meng
Group Managing Director

Tan Boon Seng
Executive Director

Tan Boon Lee
Executive Director

Tan Lei Cheng
Non-Independent Non-Executive Director

Tony Tan @ Choon Keat
Non-Independent Non-Executive Director

Pauline Tan Suat Ming
Non-Independent Non-Executive Director

Tan Kai Seng
Independent Non-Executive Director

Yeoh Chong Swee
Independent Non-Executive Director

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

Daniel Yong Chen-I
Alternate Director to Pauline Tan Suat Ming

Tan Yee Seng
Alternate Director to Tan Boon Seng

COMPANY SECRETARY

Tina Chan Lai Yin

REGISTERED OFFICE

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

AUDITOR

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

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11342-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Telephone : 603-2783 9299
Telefax : 603-2783 9222

PRINCIPAL BANKERS

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

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

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

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad (635998-W)
since 10 September 1981
Stock Code : 1597
Stock Name : IGB

BOARD OF DIRECTORS

TAN SRI ABU TALIB BIN OTHMAN
Chairman/Independent Non-Executive Director ("INED")

Tan Sri Abu Talib bin Othman, aged 77, joined the Board on 18 July 1995 and appointed the Chairman on 30 May 2001. He chairs both the Nomination Committee ("NC") and Remuneration Committee ("RC"), and a member of Audit Committee ("AC").

Tan Sri Abu Talib qualified as a Barrister-in-law from Lincoln's Inn, United Kingdom, and has served in various capacities in the judicial and legal service of the Malaysian Government. He was the Attorney-General of Malaysia from 1980 until his retirement in October 1993.

Tan Sri Abu Talib is also Chairman of the Board of Governors of IGB International School, the education division of IGB. In addition, he is the Chairman of CYL Corporation Berhad, Sumatec Resources Berhad, MUI Continental Berhad and KAF Investment Funds Berhad.

DATO' SERI ROBERT TAN CHUNG MENG
Group Managing Director ("Group MD")

Dato' Seri Robert Tan Chung Meng, aged 63, appointed Group MD of IGB on 30 May 2001. Prior to that, he was Joint Managing Director since 1995. He is a member of Executive Committee ("Exco"), RC, Risk Management Committee ("RMC") and Share Committee ("SC").

Dato' Seri Robert Tan has vast experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years' experience in the property and hotel industries. After studying Business Administration in the United Kingdom, he was attached to a Chartered Surveyor's firm for a year. He had also developed a housing project in Central London before returning to Malaysia.

Dato' Seri Robert Tan was involved in various development projects carried out by IGB Group, in particular Mid Valley City. From inception to the realisation of Mid Valley Megamall ("MVM") and The Gardens Mall ("TGM"), he was actively involved in every stage of their developments. Through his management and leadership, MVM and TGM are now two of the most popular shopping malls in the Klang Valley, enjoying an almost full occupancy rate for the past years.

Dato' Seri Robert Tan is also Non-Executive Chairman of Wah Seong Corporation Berhad ("WSCB"), Managing Director of IGB REIT Management Sdn Bhd ("IGB REIT Management") (the Manager of IGB Real Estate Investment Trust ("IGB REIT")), an Executive Director of Goldis Berhad ("Goldis"), and a Director of Tan & Tan Developments Berhad ("Tan & Tan"), a property division of IGB.

TAN BOON SENG
Executive Director ("ED")

Mr Tan Boon Seng, aged 60, joined IGB in 1980 as General Manager. He was appointed to the Board on 20 December 1990, Managing Director in 1991, re-designated to Joint Managing Director in 1995 and subsequently, ED on 30 May 2001. He is chair of Exco and a member of RMC and SC.

Mr Tan holds a Master of Arts from Cambridge University, United Kingdom.

Mr Tan is presently the Chairman and Managing Director of Lee Hing Development Limited which is listed on The Stock Exchange of Hong Kong Limited.

TAN BOON LEE
ED

Mr Tan Boon Lee, aged 52, joined the Board on 10 June 2003 as ED, and a member of Exco, RMC and SC.

Mr Tan holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom.

Mr Tan has vast experience in the property and hotel industries, providing management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was President of Malaysian Association of Hotel Owners from 2002 to 2004. He spearheaded IGB Group's growth into emerging economies of Myanmar and Cambodia in 1990's via IGB Group's hotel division.

Mr Tan is also an Executive Director of IGB REIT Management and Goldis; a Director of SW Homeowners Berhad; a Trustee of Dato' Tan Chin Nam Foundation; and Chief Executive Officer of Tan & Tan.

BOARD OF DIRECTORS
(continued)

TAN LEI CHENG
Non-INED

Ms Tan Lei Cheng, aged 59, was appointed to the Board on 10 June 2003.

Ms Tan holds a Bachelor of Commerce from the University of Melbourne, Australia, and a Bachelor of Law from King's College, London (LLB Hons). She is also a member of Lincoln's Inn and was admitted to the English Bar in 1983.

Ms Tan has more than 30 years of experience in the property industry and the corporate sector. She was Chief Executive Officer of Tan & Tan from March 1995, until Goldis took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan and Goldis. She is presently the Executive Chairman and Chief Executive Officer of Goldis.

Ms Tan is also a Director of IGB REIT Management and Tan & Tan; and a Trustee of Dato' Tan Chin Nam Foundation. She is a member of the World Presidents' Organisation, Malaysia Chapter.

TONY TAN @ CHOON KEAT
Non-INED

Mr Tony Tan @ Choon Keat, aged 67, was appointed to the Board on 15 July 2003, and a member of AC.

Mr Tony Tan holds a Bachelor of Chemical Engineering from the University of Surrey, England, and a Masters in Business Administration from the University of California, Berkeley, USA. He was the founding Managing Director of Parkway Holdings Limited, Singapore until 2000, and Deputy Chairman until his retirement in 2005.

Mr Tony Tan is also the Chairman of Singapore Medical Group Ltd, which is listed on Singapore Exchange Securities Trading Limited.

PAULINE TAN SUAT MING
Non-INED

Ms Pauline Tan Suat Ming, aged 70, was appointed to the Board on 10 June 2003, and a member of Exco, RMC and NC.

Ms Pauline Tan holds a Bachelor of Science (Honours) in Biochemistry from the University of Sussex, England and is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators. She started her career as a chemist with Malayan Sugar Manufacturing Company Bhd from 1969 to 1972. She joined Tan Kim Yeow Sendirian Berhad as Executive Director in 1976 and subsequently joined Wah Seong (Malaya) Trading Co Sdn Bhd in 1983 and was made Executive Director in 1994.

TAN KAI SENG
INED

Mr Tan Kai Seng, aged 64, was appointed to the Board on 15 July 2003, and is chair of AC.

Mr Tan holds a Bachelor of Accountancy from the University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He started his career with Price Waterhouse, Singapore, and was Finance Director of Parkway Holdings Limited, Singapore, from 1988 until his retirement in 2005.

Mr Tan is also a Director of AIMS AMP Capital Industrial REIT Management Limited, the manager of AIMS AMP Capital Industrial REIT, which is listed on Singapore Exchange Securities Trading Limited.

YEOH CHONG SWEE
INED

Mr Yeoh Chong Swee, aged 72, was appointed to the Board on 1 June 2004, and is a member of AC, RC and NC.

Mr Yeoh is an approved tax agent and a chartered tax adviser of the Tax Institute, Australia. He is a Fellow of The Chartered Tax Institute, Malaysia, the Association of Accounting Technicians, United Kingdom, and the Malaysian Institute of Chartered Secretaries and Administrators.

Mr Yeoh was Managing Director of Deloitte KassimChan Tax Services Sdn Bhd and Deloitte Touche Tohmatsu Tax Services Sdn Bhd, from 1997 to 2004, and both companies are member firms of Deloitte Touche Tohmatsu International. He was also Managing Director of PFA Corporate Services Sdn Bhd from 2003 to 2008. Currently, he is the Vice-Chairman of Tricor Services (Malaysia) Sdn Bhd.

BOARD OF DIRECTORS
(continued)

CHUA SENG YONG
Alternate Director to Dato' Seri Robert Tan Chung Meng

Mr Chua Seng Yong, aged 53, is Executive Assistant to the Group MD. He joined IGB as Financial Controller in 1994 and has more than 30 years' experience in the property and hotel industries. He was appointed the alternate Director to Group MD on 30 November 1999. He is also the heads of Group Procurement, Group Information Technology and Corporate & Legal Affairs in IGB.

Mr Chua holds a Bachelor of Economics from Monash University, Australia, and a Masters in Business Administration from Cranfield School of Management, United Kingdom.

DANIEL YONG CHEN-I
Alternate Director to Pauline Tan Suat Ming

Mr Daniel Yong Chen-I, aged 44, was appointed the alternate Director to Pauline Tan Suat Ming on 6 April 2011.

Mr Daniel Yong is a law graduate from the University of Bristol, England. He joined Mid Valley City Sdn Bhd ("MVC") in 1999 as a member of the pre-opening retail development team. He was appointed an Executive Director of MVC in 2003 and has been responsible for overseeing the management and operation of MVM, since. He was also involved in the design and pre-opening of TGM from 2004 to 2007. His prior work experience includes the development of bespoke systems with BYG Systems Ltd in England and Operational Management with Wah Seong Engineering Sdn Bhd, the distributor and manufacturer for Toshiba Elevator and Escalator in Malaysia.

Mr Daniel Yong is also an Executive Director of IGB REIT Management and Goldis.

TAN YEE SENG
Alternate Director to Tan Boon Seng

Mr Tan Yee Seng, aged 36, was appointed the alternate Director to Tan Boon Seng on 17 May 2012.

Mr Tan holds a professional Diploma of Architecture (Royal Institute of British Architects, Part 2) from the University of East London, United Kingdom.

He joined IGB in 2010 as Senior General Manager (Architectural & Property Development). His prior work experience includes being part of the pre-opening team member of G Tower which is presently owned by Goldis, where he oversaw the coordination of base building, fit out and operations. He was also extensively involved in the aesthetic realisation of TGM while working at IGB's construction division, where he worked as a design architect. There he used his training to create and fine tune the facades and key elements of TGM and MVM. He has also been a design architect at Eric Kuhne Associates in London where he worked on several large mixed-use proposals.

Mr Tan is a Director of IGB REIT Management and Tan & Tan.

Notes

1. All Directors are Malaysian except Tan Kai Seng, who is a Singaporean.
2. Save for Dato' Seri Robert Tan Chung Meng, Tan Boon Seng, Tan Lei Cheng, Tan Boon Lee, Pauline Tan Suat Ming, Tony Tan @ Choon Keat, Daniel Yong Chen-I and Tan Yee Seng, the Directors have no family relationship with any Director and/or major shareholder of IGB.
3. Save for the Directors' interests in IGB (as disclosed under the heading "Shareholding Statistics") and the transactions with companies related to major shareholders (as disclosed under the heading "Governance Report"), no conflict of interest has arisen during FY2015.
4. All Directors have not been convicted of any offence.

GROUP BUSINESS OPERATIONS

PROPERTY INVESTMENT (Commercial)

Within Mid Valley City

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

Outside Mid Valley City

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

EDUCATION

IGB International School

PROPERTY INVESTMENT (Retail)

IGB Real Estate Investment Trust

- Mid Valley Megamall
- The Gardens Mall

JOINT-VENTURES

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

GROUP BUSINESS OPERATIONS
(continued)

HOTEL

MALAYSIA

- Cititel Express, Ipoh
- Cititel Express, Kota Kinabalu
- Cititel Express, Penang
- Cititel Mid Valley, Kuala Lumpur
- MiCasa All Suite Hotel, Kuala Lumpur
- Renaissance Kuala Lumpur Hotel
- The Boulevard, Kuala Lumpur
- The Gardens, Kuala Lumpur
- The Wembley, Penang

OVERSEAS

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

PROPERTY DEVELOPMENT

Projects completed in the past decade

- Damai 33, 2006
- Sierramas Resort Homes, 2006
- Sierramas West, 2007
- Seri Maya, 2007
- Cendana, 2008
- Laman Sierramas West, 2009
- U-Thant Residence, 2009
- Hampshire Place, 2010
- One Jelatek, 2010
- Garden Manor, 2012
- Seri Ampang Hilir, 2013
- G Residence, 2015
- Damai 15, 2015

Current Projects

- Damai Residence
- Kundang Jaya
- Park Manor
- Stonor 3
- Taman Melawati
- Three28 Tun Razak

Future Projects

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

TOP-TEN MAJOR PROPERTIES BY VALUE

	Location/Address	Tenure	Age of Building (Years)	Description/Existing use	Date of Acquisition/ Revaluation	Group Net Book Value As At 31 Dec 2015 RM'000
1	Corner of Jalan Sultan Ismail and Jalan Ampang Kuala Lumpur	Freehold	19	910-rooms Renaissance Kuala Lumpur Hotel	23-3-2012	646,120
2	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	9	Shopping complex known as The Gardens Mall together with 4,128 car parking bays	28-12-2004	526,487
3	HS(D) 493555 PTD 208568 and HS(D) 493556 PTD 208569 Mukim Plentong Daerah Johor Bahru	Leasehold expiring 2100	-	31.5 acres vacant land for proposed mixed commercial development at Southkey, Johore	3-9-2013	441,741
4	PT 15 HS(D) 105028 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	Proposed commercial development under construction known as Mid Valley South Point at Mid Valley City	28-12-2004	398,156
5	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	16	Shopping complex known as Mid Valley Megamall together with 6,102 car parking bays	17-12-1999	392,292
6	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	16	646-rooms Cititel Hotel Mid Valley	31-12-2011	268,059
7	34 Hunter Street Sydney, Australia	Freehold	1	281-rooms The Tank Stream, Sydney	06-07-2011	252,151
8	207 Jalan Tun Razak Kuala Lumpur	Freehold	22	330,000sf office space at Menara Tan & Tan	31-1-2002	180,110
9	Lot 15256 Mukim of Labu District of Seremban Negeri Sembilan	Freehold	-	344.0 hectares vacant land approved for mixed development for residential and commercial use	31-1-2002	165,341
10	Lot Nos. 10, 12, 13, 477 & 478 Grant Nos. 32798, 32799, 32800, 35581 & 35582 Bandar Georgetown	Freehold	1	234-rooms Cititel Express Penang and 415-rooms Wembley Hotel, Penang	19-09-2007	159,557

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED		**2015**	**2014**	**2013**	**2012**	**2011**
Revenue	RM '000	**1,167,082**	1,176,138	1,087,320	993,851	772,129
Profit before tax	RM '000	**427,040**	422,210	397,844	366,198	357,504
Profit attributable to equity holders of the Company	RM '000	**216,903**	218,111	202,242	180,190	237,650
Issued and paid-up share capital (RM0.50)	RM '000	**682,399**	682,399	682,399	745,148	745,148
Capital and reserves attributable to equity holders of the Company	RM '000	**4,385,140**	4,305,404	4,168,870	4,140,642	3,424,000
Total Assets	RM '000	**7,744,122**	7,399,108	6,606,227	7,114,207	5,342,904
Earnings per share (basic)	sen	**16.3**	16.3	14.5	12.5	16.3
Net assets per share	RM	**3.3**	3.2	3.1	2.9	2.3
Gross dividend per share - cash dividend	sen	**10.0**	10.0	7.50	7.50	7.50
Share price as at 31 Dec	RM	**2.30**	2.60	2.72	2.30	2.46
Dividend yield	%	**4.3**	3.8	2.8	3.3	3.0
Total borrowings	RM '000	**2,451,533**	2,146,555	1,558,369	1,696,694	1,105,640
Net borrowings	RM '000	**1,361,948**	1,044,467	487,816	(425,937)	261,036
Net debt to Capital and Reserves attributable to equity holders of the Company	Times	**0.31**	0.24	0.12	(0.10)	0.08

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of IGB Corporation Berhad ("IGB"), we are pleased to present the Annual Report for the financial year ended 31 December 2015 ("FY2015").

STRONG ASSET BASE DRIVES PERFORMANCE STABILITY

2015 was a challenging year marked by plunging commodity prices, economic uncertainty, and falling consumer and investor sentiment. In Malaysia, these factors were further compounded by a depreciating ringgit and the introduction of Goods and Services Tax ("GST") in the first half of the year, and a prolonged period of haze in the latter part.

IGB has not been spared by the impact of these external factors. In consequence, our hotel and property divisions in particular reported lower contributions for the year.

Our decision to move away from being a traditional property developer has helped strengthen our business, and through investing in properties located in strategic and in-demand locations, we have been successful in growing our recurring income. The Group also has strong fundamentals, low gearing, and investments across commercial, retail, residential and hotel properties, which have allowed us to hedge against challenging economic cycles. These factors have contributed to enhancing the stability of our revenue and profits.

SUSTAINED FINANCIAL PERFORMANCE

Group turnover for FY2015 was RM1,167.1 million which is marginally lower than the RM1,176.1 million reported in FY2014. Pre-tax profit rose to RM427.0 million, up just a little over 1% from RM422.2 million posted in the previous financial year.

Group turnover from the three main operating divisions was: RM658.0 million from Property Investment (comprising the Group's commercial and retail assets), RM365.6 million from Hotels, and RM155.6 million from Property Development.

The total dividend payout for FY2015 was 10 sen per ordinary share, which was paid out to shareholders on 18 September 2015 (5 sen), and 18 March 2016 (5 sen).

LETTER TO SHAREHOLDERS
(continued)

OPERATING DIVISIONS

Property Development

2015 was a challenging year, with a general softening of the property market. We launched fewer properties and continue to remain cautious going forward.

We kick started 2015 with the launch of Damai Residence with an innovative and first-ever pop-up show unit which was set up at Mid Valley Megamall. Public response to the pop-up unit was positive and we received high footfall for the duration of the exhibition. Despite the initial interest, sales and bookings for this niche development was at 20% at the end of 2015.

Following the launch of Park Manor, a 41 villa development located in the award-winning Sierramas residential estate, at the end of 2014, we re-introduced the development to the market in December 2015 as building and landscaping works were nearing completion. We have received positive interest in the development and continue with our marketing efforts. Sales and bookings for this development at the end of the year was 25%.

Our latest development, Stonor 3, was soft launched in September 2015. This 400 unit luxury apartment located in the heart of Kuala Lumpur's City Centre is the culmination of our joint venture with Mitsubishi Jisho Residence. Construction work is on track, with the development expected to be completed by early 2019. To date, we have garnered significant interest in the development and will be proceeding with our overseas and local marketing efforts in 2016.

Sales of Three28 Tun Razak have reached 94%, and we are on track to see the delivery of the development to buyers by the middle of 2016.

We are pleased to be selected again for the "The Edge Top Ten Property Developers Awards". This marks the thirteenth consecutive year that we have received this prestigious award.

Hotel

In FY2015, IGB's hotel business performed below expectations. Locally, occupancy was impacted by several external factors including the introduction of GST, the prolonged haze at the end of the year, and a cautious economic outlook driven by falling commodity prices and a depreciating ringgit. Globally, the slowdown in the Chinese economy, coupled with the drop in oil prices, negatively impacted business travel, driving down occupancy and rates.

For the eight hotels under the management of CHM-Hotels, a total of 732,308 occupied room nights were registered in the year against the total available room nights of 1,231,946. The 415-room The Wembley Penang, and the 234-room Cititel Express Penang which were soft launched in April 2015, recorded an average occupancy of 47% for the eight months till 31 December 2015.

Four new hotels were officially opened in 2015 - The Tank Stream Sydney, Cititel Express Penang, The Wembley Penang, and Cititel Express Ipoh. Despite the softening market, the performance of these hotels have been encouraging.

Property Investment (Commercial)

The impact of the economic slowdown has been manageable this year as the majority of our tenancy agreements are locked in for 3 years which has meant that renewals during this period have been minimal.

Our primary driver of growth has been our ability to build our own buildings which we then manage and maintain ourselves.

Construction work on Southpoint Mid Valley is progressing well and the lower levels are scheduled for completion by end April 2017.

Property Investment (Retail)

IGB's retail division is represented by IGB REIT, under which sit Mid Valley Megamall and The Gardens Mall. Despite a challenging year which saw a drop in consumer sentiment, both our malls continued to register positive year-on-year growth. We believe that their prime location within the Klang Valley and the team's commitment to ensuring that the malls remain relevant have enabled us to maintain continuous visitor footfall as well as enjoy 100% occupancy in both malls.

IGB REIT posted a FY2015 gross revenue of RM489.2 million and net property income of RM342.8 million, reflecting a 5.9% and 9.7% year-on-year growth respectively. Distributions to unitholders also increased in the year. Distribution per unit in FY2015 was 8.19 sen, which is 5.1% higher than the year before.

Mid Valley Megamall ("MVM")

MVM continued to focus on injecting fresh names to the selection of tenants on offer as well as implement asset enhancement initiatives.

The year saw the introduction of new stores such as Jo Malone London, Bath & Body Works, Under Armour, Victoria's Secret, YEAST, Vapebrothers, Fitflop, Party Wonderland, Sports Direct, and Mikey's New York Pizza, as well as the addition of 40,000 square feet ("sq ft") of net lettable space. These efforts have gone towards contributing to a fresh and contemporary ambience to the mall, which have helped to increase visitor numbers and support higher retail spend overall.

The Gardens Mall ("TGM")

TGM continued to cement its position in the retail market as a luxury mall, welcoming new brands in the year including Diane Von Furstenberg, Bell & Ross, Emporio Armani, and Balenciaga. We also saw the expansion of the Hermes and Longchamp boutiques.

We believe that our careful curation of luxury brands and continuing focus on improving the customer experience has allowed us to enjoy increased visitor numbers as well as sales.

In an effort to further enhance the shopping experience at TGM, we introduced a new Point of Sales system for The Gardens Club members to allow us to better understand our customers. Information collected will allow us to develop tailored reward programmes as well as drive greater customer loyalty.

LETTER TO SHAREHOLDERS
(continued)

Construction

Construction work on Southpoint Mid Valley is on track. In view of the oversupply of office space in the Klang Valley, a decision was made to convert 19 floors of the upper Southpoint office tower into 152 high-end apartments. Structural works for the office floors have been completed and work has now started on the residential levels. The targeted completion date for the offices is April 2017, with the apartments expected to be completed by the end of the same year.

Work on Mid Valley Southkey in Johor Bahru is ongoing with piling works now completed. Earthworks are near completion and substructure work has commenced. Superstructure work is scheduled to start by the third quarter of 2016.

Our Pangkor Island Resort is undergoing redevelopment work and will be converted into 68 luxury villas. The project is currently pending development order approval from the local authorities and construction work is targeted to commence in the fourth quarter of 2016.

Other ongoing projects include upgrading works on the KOMTAR Pedestrian Bridge in Penang.

Education

2015 was a busy year for IGB International School ("IGBIS") which saw it firmly establish itself as an international school of choice in Malaysia and continue to enhance its world class facilities for the benefit of its student body.

Its International Baccalaureate ("IB") World Status was enhanced by the Primary Years and Middle Years Programmes candidacy awarded to it by the IB this year, and it hosted the first ever nation-wide meeting of Malaysian IB Schools at the invitation of the IB Asia Pacific Regional Office.

The school was accepted as a member of the Association of International Malaysian Schools this year, and met the international standards for membership in the New England Association of Schools and Colleges and the Council of International Schools.

Today, academic results of students at IGBIS are above the world-wide average in the International Schools Assessment, the Scholastic Aptitude Test, as well as the Pre-Scholastic Aptitude Test. We believe that the academic results of our first graduating class in 2016 will place IGBIS as one of the top five international schools in Malaysia.

Joint Ventures

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

Our mixed-use development project in London – 18 Blackfriars – is ongoing. Demolition works which started last year is targeted to be completed by the fourth quarter of 2016. Applications for planning are currently underway.

The development concept currently encompasses high rise offices, a hotel, residential units, as well as a small number of retail spaces, though these components are subject to change as we move through the planning process. Based on the current design, the total gross floor area of the development is 1.3 million sq ft, which includes a 3 level basement. The gross development value is estimated at £1 billion.

In Thailand, barring any unforeseen circumstances, we will proceed with our joint venture with the Immortal Group Co Ltd to develop a mixed-use development on a site fronting the Chao Phraya River. Works on the proposed development and concept is still in progress.

CORPORATE SOCIAL RESPONSIBILITY

Balancing the objectives of growing shareholder wealth and being a responsible corporate citizen continues to be a priority for the Group. We recognise that it is important for the longevity of our business that we contribute to the well-being of our people – our employees, our local communities, and our key stakeholders, as well as our environment.

Our People

Central to our continued success as a company is our people and our commitment to ensuring that they receive the necessary support and training to help drive professionalism and competency in the work place. To cultivate a high performance culture, we encourage work force diversity, offering equal opportunities for career progression, as well as avenues for continuous learning and development across the organisation.

We also believe in the importance of employee welfare and to this end, a variety of programmes were organised which sought to improve the general wellness of our staff, including, annual health screenings and sporting events.

Our Local Community

It has always been a priority for IGB that we not only give back to the communities in which we operate but add value to them. This commitment is reflected in the way in which we carry out our projects and also in the decisions we make to engage with our communities.

We continued to work with the Dato' Tan Chin Nam Foundation to support academically gifted students through the award of academic scholarships, and organised the 12th edition of the Dato' Arthur Tan Chess Festival, which seeks to promote the game of chess as well as provide an opportunity for Malaysians to sharpen their skills so that they may compete at the international championship level.

MVM and TGM also continued to organise charitable events in conjunction with the festive periods, benefiting numerous charitable homes and non-profit organisations such as Rumah Kasih Sayang, Red Crescent Society Malaysia, Grace Community Services, and the Taiwan Buddhist Tzu Chi Foundation. Following the success of the inaugural Mid Valley City Charity Run, a second run was organised in March 2015, raising funds for the St John Ambulance of Malaysia.

LETTER TO SHAREHOLDERS
(continued)

Our Environment

As part of our continuing efforts to look after our environment, MVM partnered with the WWF-Malaysia to raise awareness about the endangered status of the Malayan Tigers. The month long 'Malayan Tiger Campaign 2015' saw exhibition booths set up where information about efforts undertaken to help save these tigers, including, how our community can work towards supporting their preservation, were disseminated.

Additionally, in conjunction with the Malaysia Nature Society, classes targeted at youths were organised to help encourage the appreciation of nature as well as educate them on ongoing conservation efforts.

Within our offices and shopping malls, recycling programmes have also been rolled out. In particular, efforts to compost food waste generated by shopping mall tenants and use them as fertilisers for plants and landscaping has proven to be very successful.

BUSINESS RESILIENCE & LONGEVITY

Through the years we have built a sustainable business which meets the needs of our current stakeholders and has the ability to meet the needs of future generations. Apart from the decision to move away from being a traditional property developer, we have been cognisant of the need to put in place a strong corporate governance framework to enhance our resilience, particularly during challenging times.

IGB abides by the highest standards of corporate governance to safeguard the interests of all our stakeholders and, through a robust enterprise risk management system, ensure that sufficient checks and balances are in place to ensure that decisions are made with the highest level of objectivity and impartiality.

IGB also adheres to a strict ethics and code of business conduct. A whistle blowing policy is also in place to provide the Group's employees and business partners with a formal, accessible, and trusted channel to report any suspected cases of fraud, corruption, dishonesty, harassment or other acts of impropriety.

THE YEAR AHEAD

In 2016, global growth is projected to have a downside bias, impacted by slower growth in the emerging markets, falling commodity prices, and rising interest rates in the United States. In particular, the slowdown in growth in China continues to impact other economies through trade channels and increasingly volatile financial markets. In Malaysia, we continue to be impacted by these external factors as well as a weak ringgit, higher forecasted inflation, and the effects of GST implementation.

Though we expect the challenging environment to impact our performance, we believe that our business model puts us in a strong position to weather future uncertainties, and continue to deliver relatively stable earnings.

2016 will see us continue to enhance our existing assets, grow our recurring income stream, and continue to look out for good opportunities for growth in Malaysia and abroad.

ACKNOWLEDGEMENTS

Madam Pauline Tan Suat Ming, who has served on the Board of IGB for many years, will be retiring effective 24 May 2016, and will not be offering herself for re-appointment. The Board and Management have benefitted tremendously from her counsel and guidance through the years, and as we wish her well in her future endeavours, we would like to take this opportunity to thank her for her invaluable contribution to the Group.

On behalf of the Board, we would like to thank our management team and staff for their dedication, hard work, and commitment to the Group. It is only through their commitment and dedication that we have been able to deliver growth to ensure good returns for your investments.

We would also like to convey our sincere thanks and appreciation to all our shareholders, customers, and business partners for their confidence and continued support to the Group.

Finally, we wish to thank fellow Board Members for their wise counsel, insights, and contributions, and look forward to continuing to work together to achieve all we have set out to do and realise in 2016.

TAN SRI ABU TALIB BIN OTHMAN
Chairman

DATO' SERI ROBERT TAN CHUNG MENG
Group Managing Director

GOVERNANCE REPORT

The Board and management of IGB recognise that well-defined corporate governance processes are essential in enhancing corporate accountability and long-term sustainability, and remain committed to ensuring good governance practices in its overall management of IGB Group to protect and enhance shareholder value. In developing its system of corporate governance, the Board is guided by the measures set out in Bursa Securities Malaysia Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR") and Malaysian Code on Corporate Governance 2012 ("MCCG"). The policies and practices of IGB Group, supported by existing internal control processes, are regularly reviewed and refined on the basis of new regulatory requirements and best practices, as well as the needs and circumstances of IGB Group.

This report outlines IGB's governance principles which sets out the role of the Board, its processes and its relationship with executive management as well as describes the work of the Board and its Committees during FY2015. Except where specifically identified in this report, the Board believes that IGB has complied substantially with the best practices of MCCG and the provisions in MMLR.

I. BOARD

(a) Directors' Code of Business Conduct and Ethics ("Code"), Board Charter and Whistleblowing Policy

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

Board Charter is aimed at ensuring that Directors acting on behalf of IGB are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good governance are applied in their dealings in respect, and on behalf of IGB. Board Charter comprises, among others, well-defined terms of reference ("ToR") as well as the authority limits for the Board and its Committees, and the various relevant internal process. Board Charter is to be updated from time to time to reflect changes to the Board's policies, procedures and processes as well as amended relevant rules and regulations to ensure it remains consistent with the Board's objectives, current law and best practice.

Code and Board Charter are available on IGB's website (www.igbcorp.com) for easy access by shareholders and the public alike.

Whistleblowing Policy provides a platform and acts as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings, or non-compliance. All whistleblower reports are addressed to the Whistleblowing Committee, which comprises the heads of Group Internal Audit ("GIA"), Group Human Resource ("GHR") and Group Corporate and Legal Affairs, who are responsible for the administration, implementation and overseeing compliance with the policy, and to investigate, or determine the appropriate corrective or remedial actions that may be warranted in consultation with Group MD. Complaints and concerns about possible improprieties in matters of financial reporting or other matters are reported directly to AC who shall ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up action.

(b) Board Responsibility

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of IGB Group.

Other than as specifically reserved for the Board's decision as set out in Board Charter, the responsibility of managing IGB Group's business activities and affairs is delegated to Exco and Group MD who operate in accordance with the Board approved policies and delegated limits of authority. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

(c) Board Composition and Diversity

The Board currently comprises nine members, with six Non-Executive Directors ("NEDs") (including three Independent Directors) and three EDs (including Group MD) ("Executive Board"). The Board is headed by Tan Sri Abu Talib bin Othman ("Board Chairman"), who is an INED. He is joined on the Board by Dato' Seri Robert Tan Chung Meng, Tan Boon Seng, Tan Boon Lee, Tan Kai Seng, Yeoh Chong Swee, Tan Lei Cheng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital to effectively lead IGB Group. Executive Board and NEDs are equal members of the Board, both having fiduciary duties to shareholders and collectively responsible for the direction and performance of IGB Group. Biographical details of Directors are set out in Annual Report 2015 under the heading "Board of Directors".

GOVERNANCE REPORT
(continued)

Board Chairman and Group MD are not related to each other. Their roles are kept separate to ensure a clear division of responsibilities, increased accountability and a greater capacity of the Board for independent decision-making. Board Chairman leads and ensures effective and comprehensive Board discussion on matters brought to the Board including strategic issues as well as business planning. Board Chairman also takes a leading role in promoting high standards of corporate governance with the full support of Directors and management. Group MD is the chief executive of IGB and together with Executive Board oversees the business operations and business development of IGB Group, and ensures that strategies, policies and matters approved by the Board and/or Exco are effectively implemented. Group MD, by virtue of his position as a Board member, also functions as the intermediary between the Board and management, as well as provides close oversight, guidance, advice and leadership to management.

The current Board fulfils the requirement under MMLR which requires one-third of the Board to be independent. INEDs must be individuals who fulfil the independence criteria set out in Board Charter that are not less exacting than those set out in MMLR for assessing the independence of INEDs. INEDs, all of whom are persons of high calibre and integrity, play important roles by exercising independent judgement and objective participation in the proceedings and decision-making processes of the Board. The presence of INEDs fulfils a pivotal role in corporate accountability to ensure that the interests of minority shareholders are properly safeguarded. Non-INEDs also bring with them a wide range of essential business and financial experience relevant to IGB Group.

IGB does not practice any form of gender, ethnicity and age bias as the Board believes that both genders are to be given fair and equal treatment, and any new appointments to the Board shall be based on merit and measured against objective criteria. Harnessing strengths from a variety of backgrounds, experiences and perspectives allows the Board to add greater diversity to their deliberation. Currently, there are two female Directors on the Board.

The structure, size and composition of the Board are reviewed annually to ensure that it has the appropriate mix of expertise and experience. A Director with multiple board representations is expected to ensure that sufficient attention is given to the affairs of IGB. NC is mandated to review the structure, size and composition to the Board annually with a view of determining the impact of the number upon effectiveness and recommending on what it considers an appropriate size and composition for the Board.

NC had at its meeting in February 2016 reviewed the Board structure, size and composition appropriate to the efficient governance and management of IGB. Considerations that factor into the assessment process included, among others, the nature and scope of IGB Group's operations, the current Board's skillset, and the number of Directors needed to discharge the duties of the Board and its Committees. NC (with the Board's concurrence) was satisfied that the Board as presently constituted was of sufficient size and diversity with the appropriate mix of expertise, experience, competencies and skills to carry out its responsibilities.

The Board is of the view that it is not necessary to appoint a senior INED as Board Chairman promotes an open environment for deliberation and ensure that Board meetings are conducted in a manner that allows NEDs to participate in meaningful and active discussions.

(d) Board and Board Committee Meetings

Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable Board Committee meetings in order to discharge their obligations. To facilitate participation of Directors' attendance at Board and Board Committee meetings as well as Annual General Meetings ("AGMs"), schedule of meetings for each calendar year is planned in advance, and tele-conference and video-conference are allowed under IGB's Articles of Association ("Articles").

Meeting materials for Board and Board Committees are circulated to Directors and members ahead of the schedule meetings. As a general rule, meeting materials are disseminated to Directors and members at least three days prior to the meetings to provide sufficient time to review and consider matters at hand so that discussions at the meetings can be focused on Directors' and members' questions arising from these matters. In order to maintain confidentiality, documents on issues that are deemed to be price-sensitive may be handed out to Directors and members during the meetings. Where necessary or prudent, presentations and briefings by external consultants and legal advisors are on hand to provide further information and respond directly to Directors' and members' queries. Consistent with their fiduciary duties, Directors are expected to maintain the confidentiality of the deliberations of the Board and Committees. Directors are also fully apprised of the need to disclose potential or actual conflict of interest which may arise in relation to transactions or matters which come before the Board or Committee.

The Board meets four times a year at approximately quarterly intervals and as warranted by particular circumstances. Board meetings are also supplemented by resolutions (limited to non-significant transactions) circulated to Directors for decision between the scheduled meetings. IGB's Articles provide for decision being taken by absolute majority of the votes. However, the decisions have always been taken by consensus of Board members present. A record of the Board's deliberation of the issues discussed and conclusions reached in discharging its duties and responsibilities is captured in the minutes of each meeting. Minutes of each Board meeting are circulated to each Director for their comment prior to confirmation of the minutes in the next meeting.

GOVERNANCE REPORT
(continued)

Board and Board Committee meetings and AGM for 2015 were pre-arranged in May 2014, and communicated to Directors to ensure their time commitments. Directors and officers were also notified in advance of the closed periods for dealings in IGB securities based on the targeted announcement dates of IGB's quarterly results. Four meetings were held during FY2015 which were attended by all Directors except Tan Boon Seng and Tan Boon Lee who attended three meetings, and Tony Tan @ Choon Keat, two out of four meetings. Chief Financial Officer ("CFO"), Senior Group General Manager (Finance & Administration) and Company Secretary were permanent invitees to Board meetings to present reports on matters relating to their areas of responsibility, and to provide insight into reports or recommendations submitted to the Board. The business discussed, considered, deliberated and approved by the Board in FY2015, among others, operating highlights of IGB Group's business and performance; annual budget and mid-year review of plan and budget; quarterly and full year results; dividend declaration; corporate proposals; significant acquisitions and disposals; and risk and controls environment including other risk management and governance initiatives.

(e) Board Committees

To assist the Board in the efficient discharge of its responsibilities and provide independent oversight of management, the Board has entrusted specific responsibilities to certain Board Committees, which operate within defined ToR. The powers and responsibilities of each Committee are established in Board Charter. Topics of discussion and frequency of meetings will vary depending on each Committee's charter and the portfolio's complexity. The chairman of the respective Board Committees reports to the Board on any salient matters noted by Committees and which require the Board's notice, direction or approval. Committee meeting minutes are included as part of Directors' meeting materials to keep Directors updated on each Committee's activities. In common with the Board, each Committee has access to independent advice and counsel as required.

The composition of Board Committees and their ToR are as follows:

(i) Exco

Exco comprises Executive Board and one Non-INED. Exco chairman is Tan Boon Seng and the members are Dato' Seri Robert Tan Chung Meng, Tan Boon Lee and Pauline Tan Suat Ming.

Exco has full authority as delegated by the Board to oversee the conduct of IGB Group's businesses or existing investments and to review and/or implement strategic plans for IGB Group with restricted authority given by way of limits determined by the Board. Major investment decisions and management's proposals above RM100.0 million are reserved for decision by the Board upon recommendation of Exco.

Exco meetings are scheduled a day earlier or shortly before regular Board meetings as management may submit items for action that Exco may only be able to make recommendations for full Board approval. Exco met four times in FY2015 which were attended by all members. At those meetings, Exco considered management's recommendations on acquisitions and divestments, funding and investment proposals, and approved certain transactions up to specified limits, beyond which the approval of the Board was sought; as well as reviewed management's reports on financial highlights, annual investment budget, capital investment and strategy, operational progress of development projects, and updates on business operations.

(ii) AC

AC comprises three INEDs and one Non-INED. AC chairman is Tan Kai Seng and the members are Tan Sri Abu Talib bin Othman, Yeoh Chong Swee and Tony Tan @ Choon Keat. With an independent component of 75% and comprised of NEDs, the composition of AC is fully compliant with MMLR. AC as a whole has an appropriate and experienced blend of commercial, financial and audit expertise to assess the issues it is required to address.

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

AC met 4 times in 2015 which were attended by all members except Tony Tan @ Choon Keat who attended two out of four meetings. AC also met twice in 2015 with external auditor independently of Executive Board and management, and discussed with them the financial statements and other financial issues as deemed appropriate. Briefings on developments in accounting and governance standards were also presented by external auditor at AC's meetings.

More information on the role and the responsibilities of AC such as its functioning and activities carried out during FY2015 is set out in Annual Report 2015 under the heading "Audit Committee Report".

GOVERNANCE REPORT
(continued)

(iii) RC

RC comprises two INEDs and Group MD. RC chairman is Tan Sri Abu Talib bin Othman and the members are Yeoh Chong Swee and Dato' Seri Robert Tan Chung Meng.

RC reviews and recommends to the Board for endorsement the policy framework on terms of employment and on all elements of the remuneration of Executive Board, as well as the remuneration framework for NEDs' annual fee and meeting allowance; and reviews and approves the annual salary increment and bonus of Executive Board and senior management. In its deliberation, RC will take into consideration industry practices and norms in compensation in addition to IGB's relative performance to the industry and performance of the individual Directors and senior executives in determining a fair overall assessment. No Directors will be involved in deciding his or her own remuneration.

RC met once in 2015 which were attended by all members. RC had considered the quantum of NEDs' remuneration, and the level of pay increases and annual bonus for Executive Board and senior management. The Board had endorsed RC's recommendation to maintain status quo on the annual fee FY2015 and meeting allowance in year 2016 for NEDs. RC, having regard to the commendable performance of IGB Group considering the economic environment under the able leadership of Group MD, and reference to some published statistical information on the remuneration benefits of chief executives of companies of similar size in the same industry, had determined and agreed that the bonus and salary increment of Group MD be in line with the remuneration package of chief executives of those companies. RC, with the input from GHR on relevant aspects and remuneration practices of comparable companies in the same industry and similar nature of business, as well as consultation with Group MD on the individual performance (quantitative and qualitative objectives), had applied its judgement in determining a balanced fair outcomes for pay increases and annual bonus of Executive Board, senior management, as well as employees across IGB Group.

(iv) NC

NC comprises two INEDs and one Non-INED. NC chairman is Tan Sri Abu Talib bin Othman and the members are Yeoh Chong Swee and Pauline Tan Suat Ming.

NC recommends suitable candidates for appointments to the Board, including Committees of the Board; conducts annual review of the structure, size and composition of the Board (including skills, knowledge, experience and gender diversity), the performance of the Board, the Committees, each individual Director and those Directors who are due for re-election and re-appointment at AGM; assesses the independence of INEDs based on the criteria for independence as defined in MMLR and presents its assessment to the Board for final determination; and oversees the long-term succession planning of the Board.

NC met once in 2015 which was attended by all members. NC had carried out a performance evaluation of the Board, the Committees and each Director, assessment of INEDs and those Directors due for re-election and re-appointment at IGB's 51st AGM, and made recommendations to the Board as appropriate. This process had also been undertaken in February 2016 as outlined in the sections under "Board Appointment and Re-election" and "Board Performance Evaluation".

(v) RMC

RMC comprises of Exco members. RMC reviews and articulates the strategies and policies relating to the management of IGB Group's risk, and ensures that risk policies and procedures are aligned to the business strategies and risk return directions of the Board are properly implemented.

RMC has established a sound risk management framework that enables it to continuously identify, evaluate, mitigate and monitor risks that affect IGB Group. Responsibility for managing risks lies initially with the business unit concerned, working within the overall strategy outlined by RMC. On half-yearly basis, GIA presents an updated risk profiles of the business units on the areas of risks, likelihood, impact, and management action for RMC's review. During FY2015, with the assistance rendered by GIA, RMC has identified potential risks, assessed the effectiveness of existing controls and developed mitigating measures to manage such risks.

(vi) SC

SC comprises Executive Board. SC is responsible for regulating and approving securities transactions and registrations, and for implementing, allocating and administering share issuance scheme and share buy-back.

SC met twice in 2015 which were attended by all members. SC had at its meeting in March 2015 considered the establishment and implementation of an Executives Share Option Scheme ("ESOS" or "Scheme") of up to 5% of the issued and paid-up share capital (excluding treasury shares) of IGB at any one time for eligible Directors (including

NEDs) and executives of IGB Group. The Scheme was tabled and approved by shareholders at the Extraordinary General Meeting ("EGM") on 22 May 2015, and was implemented on 25 May 2015. SC met again in June 2015 to grant option to eligible Directors (save for SC members which were decided by the full Board) and executives of IGB Group, to subscribe for and be allotted new IGB shares ("Share Options") under the Scheme. A total of 24,731,000 Share Options were offered for subscription by Directors (8,250,000) and executives (16,481,000) of IGB Group at the subscription price of RM2.88 based on the 5-day volume weighted average market price i.e. 26 May 2015 to 1 June 2015 with the vesting period commencing from 1 July 2015 to 25 May 2020. A total of 100 members of Directors and executives had accepted 24,580,000 Share Options, and none of them have exercised the Share Options as of the date of this report.

AC had at its meeting in November 2015 verified the allocation criteria of the Share Options determined by SC, and was satisfied that the Share Options offered and granted to Directors (including NEDs) and executives of IGB Group in FY2015 has complied with the disclosed criteria set out in ESOS By-Laws. A statement by AC verifying such allocation is set out in Audit Committee Report.

(f) Board Appointment and Re-election

Appointments to the Board are the responsibility of the full Board on the recommendation of NC. There are formal, considered and transparent procedures for appointment of new Directors which is made on merit and against objective criteria and with due regard for the benefits of diversity on the Board. There were no new appointments to the Board during FY2015.

IGB's Articles require all Directors to submit themselves for re-election at least once every three years in compliance with MMLR (3-year term). Articles also stipulate that a third of the Directors should retire and stand for re-election each year (1/3-rotation rule). In addition, all newly appointed Directors are to submit themselves for re-election at the AGM immediately following their appointment, and thereafter these Directors are subject to 1/3-rotation rule. Directors over 70 years of age are statutorily required to seek for re-appointment at each AGM in compliance with Section 129(6) of the Companies Act 1965 ("Act").

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

Pursuant to the 3-year term and/or 1/3-rotation rule, Dato' Seri Robert Tan Chung Meng, Tony Tan @ Choon Keat and Tan Kai Seng will retire and submit themselves for re-election at the Fifty-Second Annual General Meeting ("52nd AGM") scheduled on 24 May 2016. Tan Sri Abu Talib bin Othman and Yeoh Chong Swee, who are above the age of 70, will also submit themselves for re-appointment at 52nd AGM in accordance with Act. Pauline Tan Suat Ming who retires in accordance with Act has expressed her intention not to seek for reappointment, and hence, she will retain office until close of 52nd AGM.

NC had at its meeting in February 2016 assessed those Directors retiring under Articles or Act at 52nd AGM, and recommended that the five Directors namely Dato' Seri Robert Tan Chung Meng, Tony Tan @ Choon Keat, Tan Kai Seng, Tan Sri Abu Talib bin Othman and Yeoh Chong Swee, be nominated for re-election or re-appointment having regard to the individual Director's contribution and performance (such as attendance, preparedness, participation and candour) with reference to the results of the assessment of the performance of the individual Director, whereupon the Board (without participation by the related Directors) had endorsed NC's recommendation, and deemed it appropriate for shareholders to re-elect or re-appoint the five retiring Directors to continue their offices and/or serving as Independence Directors, in light of their varied knowledge, experience and competency which would be of benefit to the Board, and for IGB Group's continued progress and growth. The names and biographical details of Directors standing for re-election or re-appointment at 52nd AGM are disclosed in Annual Report 2015 under the headings "Notice of Fifty-Second Annual General Meeting" and "Board of Directors".

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

(g) Board Performance Evaluation

The Board under the guidance of NC reviews and evaluates its own performance and that of its Committees and individual Directors on an annual basis against both measurable and quantitative indicators, thus ensuring IGB is under the oversight and guidance of an accountable and competent Board. The review allows each Director to individually express his/her personal assessment of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. It provides insight into the functioning of the Board, while identifying areas that might need strengthening and development. To provide feedback to aid in these assessments, each Director is required to complete a self-evaluation checklist. The checklist covers topics which include, among others, the responsibilities of the Board in relation to strategies and direction, accountability and oversight, risk management, performance management, compliance and corporate governance.

GOVERNANCE REPORT
(continued)

Other areas being assessed include Board structure, Board decision-making and meeting processes. The members and chairmen of each Board Committee are also required to complete an assessment checklist on the effectiveness of Board Committees on which they serve, in terms of composition and governance, meeting administration and conduct, and skills and competencies. Upon completion of the evaluation process, NC chairman briefs the Board on the overall results of the evaluation conducted and improvements recommended where appropriate. The independence of each INED is also assessed annually, with each INED required to complete an independence checklist drawn up based on the criteria for independence as defined in MMLR and other governance standards as appropriate. Thereafter, NC reviews the completed checklists, assesses the independence of INEDs and presents its assessment to the Board for final determination.

NC had at its meeting in February 2016 conducted the process, and concluded that the Board as a whole and its Committees have performed well with the individual's creditability to add value to the Board and Board Committees' deliberations and exercise objective judgement in decision-making processes, and each Director has given sufficient time and attention to the affairs of IGB Group. In reviewing the independence of INEDs, NC had determined that they remained objective and independent of management and free of any business or relationship with IGB, and that they had and would continue to provide check and balance to the Board in discharging their responsibilities in an independent manner notwithstanding that they have served as INEDs for more than nine years.

The Board had considered NC's views, and concurred that each Director has continued to perform effectively and demonstrated commitments to his or her role, including commitment of time to the Board and Board Committees. The Board (without participation by related INEDs) had also established that Tan Sri Abu Talib bin Othman, Tan Kai Seng and Yeoh Chong Swee, the three INEDs of IGB, have demonstrated complete independence in character and judgement both as Board members and their designated roles in the respective Board Committees, and their in-depth knowledge of IGB Group's business and their extensive experience would continue to provide invaluable contribution to the Board. The Board also held the view that the suitability and ability of an independent Director to carry out his roles and responsibilities were very much a function of his caliber, qualifications, experience and personal qualities, despite his length as an independent director, and deemed it appropriate that they continue to act as independent Directors.

(h) Dealings in IGB Securities by Directors and Officers

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

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

(i) Continuing Professional Development

The Board firmly believes in the continuing education of individual Directors for maintaining a current and effective Board. Accordingly, the Board encourages Directors to participate in ongoing education as well as participation in accredited director education programmes.

All Directors had undergone training programmes during FY2015. Directors had attended/participated in one or more of the following training programmes, conferences and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors:

- Bursa Malaysia Berhad: Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure amongst Listed Issuers
- Certified Tax Institute of Malaysia: 2016 Budget Seminar
- Edelman Public Relations Worldwide Sdn Bhd: Mid Valley Crisis Preparedness and Crisis Handling Toolkit Development; and Executive Spokesperson Media Training and Reputation Building
- Fifth Institute of Policy Studies (IPS): Nathan Lectures, Singapore – "The next fifty years"
- Goldis Board Session: Introduction to Functional Medicine – "Learn how you can improve your health"
- IGB Board Session: PricewaterhouseCoopers Budget Seminar 2015
- Inland Revenue Board Chartered Tax Institute of Malaysia: National Tax Conference 2015
- Malaysia Shopping Malls Association: 2015 Priceless Gems of Creativity V.3
- Tricor Tax Services Sdn Bhd: 11th Tricor Tax and Corporate Seminar
- Tricor Tax Services Sdn Bhd-JK Corporate Services Sdn Bhd: 6th Tricor-JK Tax and Corporate Seminar

GOVERNANCE REPORT
(continued)

As part of training and professional development for the Board, IGB ensures that Directors are briefed from time to time on changes to regulations, guidelines and accounting standards, as well as other relevant trends or issues in the property and commercial industry. These are done either during Board meetings or at specially convened sessions, including sponsored training sessions and seminars conducted by external professionals. Articles and reports relevant to IGB Group's businesses are also circulated to Directors for information.

(j) Access to Information and Independent Professional Advice

Directors have full and unrestricted access to all information and records of IGB Group as well as the advice and services of Group MD and management in furtherance of their duties. Directors may seek external legal or independent professional advice on any matter concerned with the discharge of their responsibilities as they may deem necessary and appropriate.

II. DIRECTORS REMUNERATION

The remuneration of Board members is set to attract and retain highly qualified individuals to serve on the Board. Executive Board's remuneration is structured on the basis of linking rewards to corporate and individual performance. Performance is measured against profits and other targets set from IGB's annual budget and plans. NED's remuneration reflects the time and effort required from the members in fulfilling their Board and Committee responsibilities. With the exception of Executive Board, each member of the Board receives an annual fee and meeting allowance for attending each Board or Committee meeting. The fees payable to NEDs are determined by the Board, within the total limit of RM340,000 per annum as approved in 2010 AGM. Directors do not participate in decision regarding their own remuneration.

Evaluation of the remuneration of Directors is performed once a year, and this process has been conducted by RC in FY2015 as mentioned hereinabove under "RC" section, and whereupon recommendations were submitted and approved by the Board.

Set out below is the aggregated data on Directors' remuneration, distinguishing between Executive Board and NEDs, categorised into appropriate components for FY2015:

	Salaries & EPF Contribution RM	Fee[a] RM	Meeting Allowance[b] RM	Other Emoluments[c] RM	Benefits-in-kind[d] RM	Total RM
Executive Board	4,022,310	-	-	6,486,000	124,157	10,632,467
NEDs	-	320,000	117,500	84,000	-	521,500
Total	4,022,310	320,000	117,500	6,570,000	124,157	11,153,967

Notes

[a] The fee covers the period between AGM 2014 and AGM 2015. Board Chairman and NEDs, each at RM70,000 and RM50,000 respectively, totaling RM320,000. These figures have remained unchanged since FY2013.

[b] RM3,000 for the Chair, and RM2,500 for each member. These figures have remained unchanged since year 2013.

[c] Include bonuses, incentives and retirement benefits.

[d] Include rental payments, cars, drivers, medical coverage, club memberships and reimbursement.

The following tables set forth the aggregated data on Directors' remuneration in respective bands of RM50,000 for FY2015:

Range of Remuneration	Executive Board	NEDs
RM50,000 to RM100,000		5
RM150,000 to RM200,000		1
RM450,000 to RM500,000	1	
RM750,000 to RM800,000	1	
RM5,050,000 to RM5,100,000	1	

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

GOVERNANCE REPORT
(continued)

III. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

IGB is committed to a proactive and continuous dialogue with shareholders and investors including appropriate disclosure and transparency of information to ensure that they can make informed assessment of IGB Group's value and prospects. In this respect, IGB has in place a Corporate Disclosure Policy ("CDP") that clearly outline the procedures and disclosure practices for the consistent, transparent, regular and timely public disclosure and dissemination of material information about IGB Group. CDP embraces the Corporate Disclosure Guide issued by Bursa Securities.

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

AGM is the principal forum for dialogue and interaction between the Board and shareholders. In every AGM, the Board encourages shareholders to participate in the proceedings and ask questions about IGB Group's performance, resolutions being proposed, corporate strategy and developments, and other matters affecting shareholders' interests. In May 2015, all Directors attended 51st AGM except Tony Tan @ Choon Keat. External auditor was also present at the meeting to answer shareholders' questions in respect of the statutory audit for the year ended 31 December 2014. Shareholders were given opportunities to raise concerns and issues, and sought clarifications which were attended and addressed by Board Chairman, Group MD and CFO. A press conference was held after AGM. Minutes of 51st AGM were also posted on IGB's website.

Management of IGB also conducts regular dialogues, briefings and meetings with fund managers, financial analysts and media to provide updates, strategies and new developments about IGB Group based on permissible disclosures. These meetings focus either on recently announced financial results, recent corporate activity or the longer-term strategy of IGB Group. Information that is price-sensitive or that may be regarded as undisclosed material information about IGB Group is not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

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

IV. ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

The Board is committed to providing a balanced, clear and comprehensive assessment of the financial performance and prospects of IGB Group in all disclosures made to stakeholders and regulatory authorities.

The Board, assisted by AC, oversees the financial reporting process and the quality of the financial reporting of IGB Group. AC reviews the integrity of IGB's quarterly and year-end results, focusing on, inter alia, quality, accuracy and adequacy of financial disclosure; changes in accounting policies and practices and implementation of such changes; significant and unusual events; on-going concern assumption; and compliance with applicable approved accounting standards and regulatory requirements, before recommending for the Board's approval and public release.

For the financial year under review, the Board has been assured by Group MD and CFO that financial records have been properly maintained, and that the consolidated financial statements FY2015 ("FS2015") of IGB complied with the relevant provisions of Act and International Financial Reporting Standards ("IFRS"), and fairly present the results of the operations, cash flow and financial position of IGB Group. On this basis, the Board confirms that to the best of its knowledge, nothing had come to its attention which would render IGB's FS2015 false or misleading.

The Statement of Responsibility by Directors in respect of the preparation of IGB's FS2015 is set out in Annual Report 2015 under the heading "Reports and Financial Statements".

(b) Internal Controls

The Board has the ultimate responsibility for IGB Group's internal control systems which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity. While acknowledging their responsibility for the system of internal control, Directors are aware that IGB Group's system of internal control is designed to manage rather than eliminate risks and therefore cannot provide absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and IGB Group's assets, IGB has in place, an adequately resourced GIA division and led by a senior manager. GIA subscribes to, and is guided by International Standards for the Professional Practice of Internal Auditing ("Standards") developed by The Institute of Internal Auditors, and has incorporated these Standards into its audit practices. During FY2015, a Quality Assurance Review ("QAR") on GIA function, required to be performed at least once every five years, had been carried out by an external qualified independent assessor, and the results affirmed that GIA activity generally conformed to the Standards. GIA's activities are guided by an annual audit plan covering development projects and entities across all levels of operations within IGB Group, which is approved by AC. The principal role of GIA is to independently review the risk exposures and control processes implemented by IGB Group, conduct assignments which encompass auditing and reviewing of critical areas, report on the effectiveness and efficiency of the operations and internal control, and highlight the significant findings in respect of non-compliance within IGB Group to AC. GIA also engages in regular communication with senior management and various departments within the organisation in relation to its internal audit activities and efforts for continuous improvement in operations and systems.

The Board is responsible for reviewing the effectiveness of IGB Group's internal control systems on an annual basis via AC. Through AC and GIA, the Board has conducted an annual review on the effectiveness of the internal control system for FY2015. The review covered all material controls, including financial, operational and compliance controls and risk management functions. Based on the results of GIA reviews for FY2015 and the assessment of AC thereon, the Board considers that IGB Group's internal control systems are effective and adequate.

An overview of the risk position and state of internal control of IGB Group is set out in this Annual Report under the heading "Statement on Risk Management and Internal Control" which has been reviewed by external auditor.

(c) Relationship with External Auditor

IGB appoints PricewaterhouseCoopers ("PwC") as its independent external auditor. The Board maintains, via AC, an active, transparent and professional relationship with PwC. PwC reports their findings to AC as part of the audit process on the statutory financial statements of IGB. Key features underlying the relationships of AC with PwC are disclosed in Annual Report 2015 under the heading "Audit Committee Report".

The statement on PwC's responsibilities on IGB's FS2015 is set out in Annual Report 2015 under the heading "Independent Auditor's Report". During FY2015, the fees payable to PwC amounted to RM1,088,490 for audit and audit related services, and RM263,230 for non-audit services related to tax compliance and consultancy.

AC reviews annually the appropriateness of retaining PwC as external auditor of IGB Group, prior to proposing to the Board, and to AGM of IGB the election of PwC as external auditor. AC had at its meeting in February 2016 assessed the effectiveness of the work of PwC, based on their understanding of IGB Group's business, control, accounting and reporting issues, together with the way in which matters significant at Group's level or in the statutory accounts were identified and resolved, and had recommended for the endorsement of the Board on the re-appointment of PwC as external auditor for the financial year ending 31 December 2016 ("FY2016") whereupon the Board had endorsed AC's recommendation.

V. RELATED PARTY TRANSACTIONS ("RPT") AND RECURRENT RPT ("RRPT") MANDATE

IGB has in place adequate procedures and processes to monitor, track and identify RPT and RRPT. IGB also maintains a register to record all RPT and RRPT (and the basis, including where applicable, the quotations obtained to support such basis, on which they are entered into) which are entered into by IGB Group. All RPT and RRPT are reviewed by AC on a quarterly basis to ensure compliance with internal control procedures and with the provisions of MMLR. If a member of the Board and/or AC has an interest in a transaction, the Director concerned is to abstain from participating in the review and recommendation process in relation to that transaction. GIA audits and reports on the appropriateness and effectiveness of processes for the management of RPT and RRPT on an annual basis.

Shareholders' approval in respect of RRPT Mandate is obtained at AGM of IGB on a yearly basis. At 51st AGM held on 22 May 2015, IGB had obtained shareholders' approval for the renewal of RRPT Mandate.

During FY2015, all RPT and RRPT transacted were in the ordinary and usual course of business of IGB Group, and were conducted at arm's length and on terms no less favorable to IGB Group than terms available to or from (as appropriate) independent third parties. None of the actual value of RRPT has exceeded the estimated value by 10% or more during the validity period of the mandate. The RRPT Mandate shall expire at the conclusion of 52nd AGM and is subject to renewal by shareholders at the said AGM.

GOVERNANCE REPORT
(continued)

The following tables set forth the information on RRPT between IGB Group and Related Parties conducted pursuant to RRPT Mandate for the 12 months ended 31 December 2015:

Related Parties	Nature of RRPT Mandate	Interested Related Parties	Mandated Value (RM'000)	Transacted Value in FY2015 (RM'000)
Goldis group of companies	• Provision/receipt of information technology products and services • Lease/rental of properties/ premises and provision of related facilities	Dato' Seri Robert Tan Chung Meng (RTCM)[a] Tan Boon Seng (TBS)[b] Tan Lei Cheng (TLC)[c] Tan Boon Lee (TBL)[d] Pauline Tan Suat Ming (PTSM)[e] Tony Tan @ Choon Keat (TTCK)[f] Dato' Tan Chin Nam (DTCN)[g] Daniel Yong Chen-I (DYCI)[h] Elizabeth Tan Hui Ning (ETHN)[i] Gabrielle Tan Hui Chween (GTHC)[j] Tan Yee Seng (TYS)[k] Goldis[l] Tan Chin Nam Sendirian Berhad (TCNSB)[m] Tan Kim Yeow Sendirian Berhad (TKYSB)[n] Wah Seong (Malaya) Trading Co. Sdn Bhd (WSTSB)[o]	2,000	853
IGB REIT	• Lease/rental of properties/ premises and provision of related facilities • Receipt of chilled water and liquefied petroleum gas • Provision of upgrading, repair and maintenance works • Provision of tenant's sales verification and special review • Management of real estate investment trust		100,000	60,477
WSTSB group of companies	• Lease/rental of properties/ premises and provision of related facilities • Provision of management and consultancy services • Purchase of building materials, audio equipment, electrical equipment/appliances and related products/services • Receipt of installation and maintenance of light boxes, panels, signage and related materials/goods and advertising services		12,000	2,321
WSCB group of companies	• Lease/rental of properties/ premises and provision of related facilities		1,500	1,125
Subsidiaries of IGB • Cititel Hotel Management Sdn Bhd ("CHM") • Tan & Tan Realty Sdn Bhd ("TTR")	• Provision/receipt of management, consultancy and support services		12,000	7,679

GOVERNANCE REPORT
(continued)

Notes

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

VI. ESOS

As mentioned hereinabove under the section "SC", IGB's ESOS is governed by By-Laws approved by shareholders at EGM on 22 May 2015. The Scheme shall be in force for a period of five years from 1 July 2015 to 25 May 2020.

As at 31 December 2015, IGB has an outstanding 24,580,000 Share Options under ESOS. IGB has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than Directors, who have been granted options to subscribe for less than 500,000 ordinary shares of RM0.50 each. Details of Share Options granted to Directors are set out in Annual Report 2015 under the heading "Directors' Report".

VII. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by IGB Group involving Directors' and major shareholders' interests, either subsisting as at 31 December 2015 or entered into since the end of the previous financial year.

VIII. SHARE BUY-BACK

IGB did not seek a general mandate for buy-back of shares in the open market at 51st AGM. As such, there was no further buy back of shares since 3 June 2014. The total treasury shares accumulated as at 31 December 2015 was 29,899,600 at an average cost of RM2.71 per share.

IX. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

IGB Group's CSR activities are disclosed in the "Letter to Shareholders" of this Annual Report 2015.

AUDIT COMMITTEE REPORT

AC is pleased to present its FY2015 report.

ROLE

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

AC has authority to investigate any matter within its ToR, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

COMPOSITION

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

The annual review of the composition and performance of AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the annual board committee assessment. Based on the evaluation 2015, the Board was satisfied that AC has continued to show strong performance over the years, and AC members, as indicated in their profiles, have sound judgement, objectivity, independent attitude, management experience, integrity, knowledge of the industry, and financially literate. With balanced diversity of skills and experience, they have discharged their functions, duties and responsibilities, supporting the Board in ensuring that IGB Group uphold appropriate corporate governance standard. The Board has agreed to maintain the composition of AC.

SUMMARY OF ToR

ToR establishes the powers, duties and responsibilities of AC, and is incorporated in Board Charter. The key duties, responsibilities and functions of AC are summarised as follows:

1. Overseeing the financial reporting of IGB Group to ensure that they presents a true and fair view of the financial position and performance of IGB Group and comply with applicable financial reporting standards and regulatory requirements.

2. Assessing the control environment of IGB Group which includes ensuring the implementation of policies and adequacy of controls in place, and reviewing the integrity of the internal control systems and management information systems.

3. Reviewing external auditor's audit plan vis-à-vis the system of internal control of IGB Group, and the extent of assistance rendered by management; and external auditor's report in connection with the preparation of the annual consolidated financial statements of IGB.

4. Reviewing and recommending audit fee and any questions of resignation, dismissal or reappointment of external auditor including terms of engagement.

5. Reviewing and approving GIA charter which defines the independent purpose, authority, scope and responsibility of GIA functions, GIA plan of work programme and results of GIA processes including recommendations and actions taken; assessing the scope, functions, competence and resources of GIA function; and ensuring independence and impartiality of GIA.

6. Reviewing and recommending disclosures on Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the annual report for the Board's approval.

7. Reviewing conflict-of-interest situations and RPT proposed to be entered into by IGB Group, including RRPT for which shareholders' mandate has been granted, and monitoring the procedures established to regulate RPT and RRPT, including ensuring compliance with provisions of MMLR.

8. Verifying the allocation of Share Options pursuant to ESOS as compliant with the criteria set out in ESOS By-Laws at the end of each financial year.

9. Ensuring the availability of a whistle-blowing avenue for concerns about possible improprieties in matters of financial reporting, financial control or other business and commercial related matters to be raised and independently investigated, and for appropriate follow up action to be taken.

10. Reporting breaches and non-compliance of MMLR to Bursa Securities if such matters are not satisfactorily resolved by the Board.

AUDIT COMMITTEE REPORT
(continued)

MEETINGS AND ATTENDANCE

AC meetings for 2015 were pre-arranged in May 2014 and communicated to the members early to ensure their time commitments. The schedule of business considered by AC covered the key areas within its remit and is supported by information provided by management, GIA and external auditor.

Four meetings were held during FY2015 which were attended by all members except Tony Tan @ Choon Keat who attended two out of four meetings. Group MD attended all meetings as requested by AC to facilitate direct communication and to seek clarification on audit issues as well as to solicit information in relation to the operations of IGB Group. In addition, CFO, Head of GIA, Senior Group General Manager (Finance & Administration), Company Secretary and external auditor (upon invitation) were permanent invitees to AC meetings to present their respective reports. AC also had two private sessions with external auditor without the presence of management where AC enquired about management's co-operation with external auditor and their sharing of information as well as discussed any issues of concern arising from financial audits. AC Chairman also permitted Head of GIA and external auditor to contact him at any time that they became aware of incidents or matters in the course of their audits or reviews that needed his attention or that of AC or the Board. Matters of significant concern raised by GIA and external auditor noted by AC requiring the Board's notice, direction and approval were highlighted and reported by AC Chairman at the Board meetings. Minutes of AC meetings were included in Directors' materials for meetings.

SUMMARY OF ACTIVITIES FY2015

In line with ToR of AC, the following activities were carried out by AC during FY2015 in conducting its affairs and discharging its responsibilities:

1. **Financial Reporting and Compliance**

   Reviewed IGB's unaudited results for the financial quarters of Q4FY2014, Q1FY2015, Q2FY2015 and Q3FY2015, which were announced via the regulatory information service immediately after the Board's approvals, respectively on 16 February 2015, 22 May 2015, 18 August 2015 and 25 November 2015, and the consolidated financial statements for year ended 31 December 2014 ("FS2014") which was submitted via the regulatory information service on 29 April 2015. AC concluded that the quarterly financial results and FS2014 presented a true and fair view of the state of affairs of IGB Group and complied with regulatory requirements.

   Subsequent to FY2015, AC had at its meeting in February 2016, considered and reviewed the financial reporting checklist FY2015 completed by CFO, and assessed by Group MD, and obtained their assurance, in making its recommendation to the Board, that adequate processes and controls were in place for an effective and efficient process in the preparation of IGB's FS2015 and, in all material respects, the FS2015 complied with the relevant provisions of Act and IFRS, and fairly present the results of the operations, cash flow and financial position of IGB Group.

2. **External Audit**

   IGB Group's independent external auditor is PwC.

   (a) Reviewed PwC's report on the conduct of FS2014 audit, the findings on significant financial accounting and reporting issues together with the findings on the internal control system as well as overview of issues found during the interim audit.

   (b) Reviewed PwC's audit plan 2015 for IGB Group, encompassing the proposed work blueprint, nature and scope for the year's audit and other examination including the evaluation of internal control systems and risk management processes, to the extent performed as part of the external audit.

   (c) Reviewed, in consultation with management, the terms of engagement of PwC for the statutory audit FY2015 of IGB Group in respect of cost, scope and performance, upon confirmation of their independence and objectivity including non-audit services related to tax consultancy and compliance review.

   (d) Held bi-annual meetings with PwC without management's presence on two separate occasions, on 16 February 2015 and 25 November 2015. These sessions were held to enable an open discussion with AC and ensure PwC was not restricted in their scope of audit.

AUDIT COMMITTEE REPORT
(continued)

Subsequent to FY2015, AC carried out the following duties at its meeting in February 2016:

(i) Reviewed with PwC, the report of their audit FS2015 of IGB, and the accompanying management letter and response.

(ii) Reviewed PwC's performance and effectiveness, quality of communication and interaction and its independence and objectivity, on the basis of AC meetings and a questionnaire-based internal review. Based on the assessment, AC was satisfied with PwC's technical competency in terms of their skills, independence, execution of audit plan, reporting and overall performance, and the reasonableness of their audit fees. With that, AC had recommended for the endorsement of the Board on the re-appointment of PwC as external auditor for FY2016. The Board had at its meeting held in February 2016 approved AC's recommendation for shareholders' approval to be sought at 52nd AGM on the reappointment of PwC as independent external auditor of IGB for FY2016.

3. GIA

(a) Reviewed GIA's reports on the effectiveness and adequacy of internal controls, risk management, operational, compliance and governance processes of IGB Group, and management's response and implementation of audit recommendations were being properly addressed and corrected. A total of 19 audit reports (including follow-up audits) were issued by GIA for the assignments conducted on IGB Group based on the 2015 audit plan, and most findings were rated satisfactory while some required improvements relating to controls weaknesses, compliance shortcoming, and documentation anomalies whereby all gaps had since been addressed.

(b) Reviewed and approved GIA's audit plan 2016 to ensure adequate scope and coverage of the financial, operational, compliance and internal controls of IGB Group. In planning for the audit of IGB Group, a risk based auditing approach taking into account the Standards and global best practices, was adopted. The approach emphasised on effective planning and scoping of audits to suit the size and activities of functional areas, and to concentrate audit resources on areas that expose the operations to the greater degree of risk.

(c) Reviewed and approved GIA's charter be enhanced to reflect GIA's roles in supporting RMC and AC in the areas of risk management and whistleblowing processes.

(d) A QAR on GIA function, required to be performed at least once every five years, had been carried out by an external qualified independent assessor, and the results affirmed that GIA activity generally conformed to the Standards.

Subsequent to FY2015, AC undertook the following annual assessments at its meeting in February 2016:

(i) Reviewed the performance, competency and resources of GIA function to ensure that, collectively, GIA has the required expertise and professionalism to discharge its duties independently with impartiality. Based on GIA checklist FY2015 completed by Head of GIA, and on the basis of GIA quarterly reports submitted to AC, AC was satisfied that GIA team was adequately resourced to perform its functions, and in general, has added valued by improving, sustaining and strengthening the internal control environment of IGB Group.

(ii) Reviewed the adequacy and effectiveness of IGB Group's internal controls including financial, operational, compliance and information technology. Based on the controls and regulation checklist FY2015 completed by the relevant divisional heads, AC, after having reviewed, was generally satisfied with the adequacy and integrity of IGB Group's internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines. In addition, no significant irregularity or deficiency in internal controls came to the attention of AC during the financial year under review

The costs incurred by GIA function in FY2015 were RM979,987.40.

Further details of GIA's activities are set out in Annual Report 2015 under the heading "Statement on Risk Management and Internal Control".

4. Risk Management

The Board has assigned oversight of IGB Group's risk management function to RMC. AC also assists the Board in examining the adequacy and effectiveness of IGB Group's risk management system to ensure that a robust risk management system is maintained. Based on periodic updates from RMC and half-yearly reports presented by GIA which shed insights on the areas of risks, likelihood, impact and management action on IGB Group's operating business and functional units, AC was thus able to keep under review the adequacy and effectiveness of IGB Group's risk management system as well as their risk portfolio, risk levels and risk mitigation strategies.

AUDIT COMMITTEE REPORT
(continued)

5. **RPT and RRPT**

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

6. **ESOS**

Verified the basis of allocation of Share Options under ESOS to Directors (including NEDs) and executives of IGB Group carried out by SC. AC was satisfied that the Share Options offered and granted to Directors and executives of IGB Group in FY2015 has complied with the disclosed criteria set out in ESOS By-Laws. The total Share Options allocated in FY2015 was 24,580,000.

7. **Annual Reporting**

Reviewed the disclosures on Audit Committee Report FY2014 and Statement on Risk Management and Internal Control for inclusion in Annual Report 2014 and recommended their adoption by the Board. AC had also at its meeting in February 2016 approved Audit Committee Report FY2015.

AC'S CONTINUING EDUCATION

During the year, AC members attended various conferences, seminars and training programmes to enhance their knowledge to efficiently discharge their duties as Directors as well as to keep themselves abreast with the changes and updates on technical competencies in their respective fields of expertise. Details of the training that they attended during FY2015 are set out in the Governance Report under the heading "Continuing Professional Development".

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY

The Board recognises the importance of a sound system of risk management and internal control to safeguard shareholders' investment and the Company's assets. Therefore, the Board affirms its overall responsibility for the Group's approach to assessing risks and the system of internal control, and for reviewing the adequacy and effectiveness of the Group's internal control systems and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines. The review covers financial, operational and compliance controls, and risk management procedures of the Group. However, such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material errors, misstatement, losses or fraud.

RISK MANAGEMENT

The Board has established a risk management framework and communicated to the management on the risk appetite and tolerance that the Group is willing to accept in pursuit of its objectives. Risk management in the Group involves an on-going process for identifying, evaluating, managing and reviewing any changes in the significant risks faced by the business in the Group in its achievement of objectives and strategies. The risk management process involved the business and functional units of the Group in identifying significant risks impacting the achievement of business objectives of the Group. It also involved the assessment of the impact and likelihood of such risks and of the effectiveness of controls in place to manage them. The process included the enhancement of the system of internal controls when there are changes to business environment or regulatory guidelines. This process has been embedded in all aspects of the Group's activities and has been in place for the year under review and up to the date of approval of this statement for inclusion in the Annual Report 2015.

The management assists the Board in the implementation of the Board's policies and procedures on risks and internal controls by identifying and assessing the risks faced and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. All employees are accountable for operating within these policies. The management has also identified key risk indicators for their respective business divisions and monitoring is done to ensure that significant changes in risk levels are identified in a timely manner and actions are taken appropriately to address the risks. Emerging risks are also identified and included in the monitoring process and where necessary, steps are taken to manage the risks. The GIA function provides further independent assurance on the adequacy and effectiveness of the risk management and internal control system as part of their audit reviews. All reports relating to the risk management process are brought to the attention of the Board through RMC.

KEY INTERNAL CONTROL PROCESSES

Whilst the Board maintained full control and direction over appropriate strategic, financial, organisational and compliance issues, it has delegated to management the implementation of the system of internal control.

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

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

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

The Board, through AC, has reviewed the effectiveness of the Group's system of risk management and internal control. There were no significant internal control aspects that would have resulted in any material losses, contingencies, or uncertainties that would require disclosure in the Annual Report 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(continued)

The Board has received assurances from Group MD and CFO 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.

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

SHAREHOLDING STATISTICS
as at 31 March 2016

Authorised Share Capital	: RM1,200,000,000 divided into 2,000,000,000 Ordinary Shares of RM0.50 each and 200,000,000 1% Irredeemable Convertible Preference Shares of RM1.00 each
Issued and paid-up Capital	: RM682,399,170 comprising 1,364,798,340[a] Ordinary Shares
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights	: One vote per Ordinary Share

[a] Including 29,899,600 Ordinary Shares bought-back by IGB and retained as treasury shares

I. ANALYSIS BY SIZE OF SHAREHOLDINGS

	Shareholders				Issued Ordinary Shares			
	No.		Total		No.		Total	
Size of Shareholdings	**Malaysian**	**Foreigner**	**No.**	**%**	**Malaysian**	**Foreigner**	**No.**	**%**
1 - 99	1,765	38	1,803	15.76	33,467	1,443	34,910	0.00
100 - 1,000	1,708	50	1,758	15.36	1,023,811	29,757	1,053,568	0.08
1,001 - 10,000	5,923	430	6,353	55.52	20,579,004	1,875,736	22,454,740	1.68
10,001 - 100,000	1,102	224	1,326	11.59	27,377,975	5,707,214	33,085,189	2.48
100,001 - less than 5% of Issued Ordinary Shares[b]	161	39	200	1.75	230,315,383	67,763,147	298,078,530	22.33
5% and above of Issued Ordinary Shares	2	-	2	0.02	980,191,803	-	980,191,803	73.43
Total	**10,661**	**781**	**11,442**	**100.00**	**1,259,521,443**	**75,377,297**	**1,334,898,740**	**100.00**

[b] Excluding 29,899,600 Ordinary Shares bought-back by IGB and retained as treasury shares

II. ANALYSIS OF EQUITY STRUCTURE

	Shareholders		Issued Ordinary Shares			
	No.		No.		%	
Category of Shareholders	**Malaysian**	**Foreigner**	**Malaysian**	**Foreigner**	**Malaysian**	**Foreigner**
Individual	9,661	383	69,873,018	4,630,715	5.24	0.35
Body Corporate						
• Banks/finance companies	22	1	20,569,680	10,100	1.54	0.00
• Investment trusts/foundation/charities	4	-	31,688	-	0.00	0.00
• Industrial and commercial companies[b]	154	12	459,891,113	587,680	34.45	0.05
Government agencies/institutions	1	-	14,023	-	0.00	0.00
Nominees	817	385	709,133,080	70,148,802	53.12	5.25
Others	2	-	8,841	-	0	0.00
Total	**10,661**	**781**	**1,259,521,443**	**75,377,297**	**94.35**	**5.65**

SHAREHOLDING STATISTICS

as at 31 March 2016
(continued)

III. SUBSTANTIAL SHAREHOLDERS

	Issued Ordinary Shares			
	Direct		Deemed[c]	
Name	No.	%[b]	No.	%[b]
Goldis Berhad	980,191,803	73.43	-	0.00
Employees Provident Fund Board	68,635,472	5.14	-	0.00
Dato' Seri Robert Tan Chung Meng	1,000,000	0.07	980,291,803	73.44
Tan Chin Nam Sendirian Berhad	1,040,700	0.08	980,291,803	73.44
Tan Kim Yeow Sendirian Berhad	-	0.00	980,291,803	73.44
Wah Seong (Malaya) Trading Co. Sdn Bhd	100,000	0.01	980,191,803	73.43
Pauline Tan Suat Ming	-	0.00	980,317,060	73.44
Tony Tan @ Choon Keat	-	0.00	980,291,803	73.44

[c] Deemed interests held by other corporations by virtue of Section 6A of the Companies Act 1965 ("Act") and/or persons connected as defined under Section 122A of the Act

IV. TOP 30 SECURITIES ACCOUNT HOLDERS

		Issued Ordinary Shares	
No.	Name	No.	%[b]
1.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goldis Berhad (KLC)	530,000,000	39.70
2.	Goldis Berhad	450,191,803	33.73
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	57,690,272	4.32
4.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	47,770,832	3.58
5.	UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Insas Plaza Sdn Bhd	15,000,000	1.12
6.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	14,531,800	1.09
7.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	13,192,748	0.99
8.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	10,945,200	0.82
9.	Thong Weng Tim	8,415,850	0.63
10.	HSBC Nominees (Asing) Sdn Bhd TNTC for Somerset Emerging Markets Small Cap Fund LLC	7,456,946	0.56
11.	UOBM Nominees (Asing) Sdn Bhd Pledged Securities Account for Montego Assets Limited (PCB)	5,800,000	0.43
12.	Citigroup Nominees (Tempatan) Sdn Bhd Bank Negara Malaysia National Trust Fund (HWANG)	4,941,200	0.37
13.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Monetary Authority of Singapore (H)	4,938,600	0.37
14.	Pertubuhan Keselamatan Sosial	4,260,500	0.32
15.	Amanahraya Trustees Berhad Public Sector Select Fund	4,069,176	0.30
16.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	4,000,385	0.30
17.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Manulife Investment - HW Flexi Fund (270519)	3,895,000	0.29

SHAREHOLDING STATISTICS
as at 31 March 2016
(continued)

IV. TOP 30 SECURITIES ACCOUNT HOLDERS (continued)

No.	Name	Issued Ordinary Shares No.	%[(b)]
18.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	3,068,000	0.23
19.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for AMB Dividend Trust Fund (5428-401)	3,045,450	0.23
20.	CIMB Commerce Trustee Berhad Public Focus Select Fund	2,812,969	0.21
21.	Insas Plaza Sdn Bhd	2,687,378	0.20
22.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN for Deutsche Bank AG London (Prime Brokerage)	2,510,400	0.19
23.	Amanahraya Trustees Berhad Affin Hwang Growth Fund	2,336,000	0.17
24.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	2,181,272	0.16
25.	M & A Nominee (Tempatan) Sdn Bhd Titan Express Sdn Bhd	1,969,121	0.15
26.	Amanahraya Trustees Berhad Public Savings Fund	1,711,453	0.13
27.	Amanahraya Trustees Berhad Affin Hwang Principled Growth Fund	1,676,000	0.13
28.	Amanahraya Trustees Berhad Public Dividend Select Fund	1,586,708	0.12
29.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kwong Joo (001)	1,561,500	0.12
30.	Tan Boon Lee	1,500,000	0.11
	Total	**1,215,746,563**	**91.07**

V. STATEMENT OF DIRECTORS' INTERESTS IN IGB AND RELATED CORPORATIONS

IGB (THE COMPANY)

	Number of Ordinary Shares				Number of Share Options	
	Direct		Deemed[(c)]			
Name	**No.**	**%[(b)]**	**No.**	**%[(b)]**	**Granted**	**Exercised[(d)]**
Tan Sri Abu Talib bin Othman	1,398,850	0.10	-	0.00	750,000	-
Dato' Seri Robert Tan Chung Meng	1,000,000	0.07	980,291,803	73.44	2,000,000	-
Tan Boon Seng	-	0.00	-	0.00	1,500,000	-
Tan Boon Lee	1,690,000	0.13	-	0.00	1,500,000	-
Tan Lei Cheng	-	0.00	-	0.00	500,000	-
Pauline Tan Suat Ming	-	0.00	980,317,060	73.44	500,000	-
Tony Tan @ Choon Keat	-	0.00	980,291,803	73.44	500,000	-
Tan Kai Seng	93,677	0.01	-	0.00	500,000	-
Yeoh Chong Swee	-	0.00	79,035	0.01	500,000	-
Chua Seng Yong	100,006	0.01	-	0.00	750,000	-
Daniel Yong Chen-I	-	0.00	-	0.00	500,000	-
Tan Yee Seng	-	0.00	-	0.00	500,000	-

[(d)] None of the Directors have exercised the share options as at 31 March 2016

SHAREHOLDING STATISTICS
as at 31 March 2016
(continued)

V. STATEMENT OF DIRECTORS' INTERESTS IN IGB AND RELATED CORPORATIONS (continued)

GOLDIS BERHAD (HOLDING COMPANY)

	Number of Ordinary Shares				Redeemable Convertible Cumulative Preference Shares			
	Direct		Deemed[c]		Direct		Deemed[c]	
Name	No.	%	No.	%	No.	%	No.	%
Dato' Seri Robert Tan Chung Meng	1,483,509	0.24	193,277,776	31.18	1,112,631	0.24	142,988,143	31.38
Tan Boon Seng	-	0.00	65,410,542	10.76	1,050,618	0.23	72,169,830	15.84
Tan Boon Lee	4,157,380	0.68	-	0.00	3,118,035	0.68	-	0.00
Tan Lei Cheng	8,899,651	1.46	3,862,176	0.64	6,674,738	1.46	2,915,613	0.64
Pauline Tan Suat Ming	803,297	0.13	193,277,776	31.81	602,472	0.13	142,988,143	31.38
Tony Tan @ Choon Keat	-	0.00	193,277,776	31.81	-	0.00	142,988,143	31.38
Tan Kai Seng	19,891	0.00	-	0.00	-	0.00	-	0.00
Chua Seng Yong	922	0.00	-	0.00	-	0.00	-	0.00
Tan Yee Seng	53,045	0.01	-	0.00	39,783	0.01	-	0.00

Notes:
- 607,636,036 Ordinary Shares excluding 2,858,020 shares bought-back by Goldis Berhad and retained as treasury shares
- RM4,557,270 comprising of 455,727,027 Redeemable Convertible Cumulative Preference Shares of RM0.01 each

IGB REAL ESTATE INVESTMENT TRUST (SUBSIDIARY COMPANY)

	Number of Issued Units			
	Direct		Deemed[c]	
Name	No.	%	No.	%
Tan Sri Abu Talib bin Othman	1,111,908	0.03	-	0.00
Dato' Seri Robert Tan Chung Meng	9,289,081	0.27	1,842,997,639	53.00
Tan Boon Seng	-	0.00	5,519,604	0.16
Tan Boon Lee	1,905,025	0.05	-	0.00
Tan Lei Cheng	1,853,742	0.05	345,722	0.01
Pauline Tan Suat Ming	1,080,898	0.03	1,842,997,639	53.00
Tony Tan @ Choon Keat	1,000,000	0.03	1,842,997,639	53.00
Tan Kai Seng	1,393	0.00	-	0.00
Yeoh Chong Swee	-	0.00	14,322	0.00
Daniel Yong Chen-I	622,132	0.02	-	0.00
Tan Yee Seng	307,200	0.01	-	0.00

Note: 3,477,667,783 Issued Units as at 31 March 2016

IGB Corporation Berhad (5745-A)

REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the financial year ended 31 December 2015

The Directors are pleased to present their Report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities and corporate information

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

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

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

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

Financial results

	Group	Company
	RM'000	RM'000
Profit for the financial year	334,585	307,162
Attributable to:		
Equity holders of the Company	216,903	307,162
Non-controlling interests	117,682	-
	334,585	307,162

Dividends

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

		RM'000
(a)	In respect of the financial year ended 31 December 2014:	
	Interim single-tier dividend of 20% or 10.0 sen per ordinary share paid on 27 March 2015	133,490
(b)	In respect of the financial year ended 31 December 2015:	
	1st Interim single-tier dividend of 10% or 5.0 sen per ordinary share paid on 18 September 2015	66,745
(c)	In respect of the financial year ended 31 December 2015:	
	2nd Interim single-tier dividend of 10% or 5.0 sen per ordinary share paid on 18 March 2016	66,745

The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2015.

Reserves and provisions

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

DIRECTORS' REPORT

for the financial year ended 31 December 2015
(continued)

Treasury shares

At the previous Annual General Meeting held on 22 May 2015, the Company did not seek shareholders' approval to repurchase its own shares. The Company has not repurchase its own shares since 3 June 2014.

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

As at 31 December 2015, the number of treasury shares held was 29,899,600 (31.12.2014: 29,899,600) ordinary shares of RM0.50 each.

Executives Share Option Scheme ("ESOS")

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

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

Directors

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

Tan Sri Abu Talib bin Othman
Dato' Seri Robert Tan Chung Meng
Tan Boon Seng
Tan Boon Lee
Tan Lei Cheng
Pauline Tan Suat Ming
Tony Tan @ Choon Keat
Tan Kai Seng
Yeoh Chong Swee
Chua Seng Yong *(alternate to Dato' Seri Robert Tan Chung Meng)*
Daniel Yong Chen-I *(alternate to Pauline Tan Suat Ming)*
Tan Yee Seng *(alternate to Tan Boon Seng)*

The following Directors, all of whom are due to retire at the forthcoming 52nd Annual General Meeting ("AGM") and being eligible, had offered themselves for re-election/re-appointment:

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

Dato' Seri Robert Tan Chung Meng and Tony Tan @ Choon Keat, both having been re-elected in 2013, are obliged to retire from office. Their retirement pursuant to Article 86 will also satisfy the obligation under Article 85 of the Articles which requires one-third of Directors to retire from office by rotation each year.

Tan Kai Seng, having been re-elected in 2013, is obliged to retire from office. His retirement is pursuant to Article 86 of the Articles and Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG") to continue to act as Independent Non-Executive Director ("INED") until the Company's AGM in 2017.

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

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

(c) Pauline Tan Suat Ming has attained the age of 70 years in July 2015 and as she has expressed her intention not to seek re-appointment pursuant to Section 129(6) of the Act, she will retain office until the close of the 52nd AGM.

DIRECTORS' REPORT

for the financial year ended 31 December 2015
(continued)

Directors' interests

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

In the Company	Number of ordinary shares of RM0.50 each			
	1 January 2015	Addition	Disposal	31 December 2015
Tan Sri Abu Talib bin Othman				
Direct	1,398,850	-	-	**1,398,850**
Dato' Seri Robert Tan Chung Meng				
Direct	-	1,000,000	-	**1,000,000**
Indirect	978,790,103	1,501,700	-	**980,291,803**
Tan Boon Lee				
Direct	400,000	1,290,000	-	**1,690,000**
Pauline Tan Suat Ming				
Indirect	978,815,360	1,501,700	-	**980,317,060**
Tony Tan @ Choon Keat				
Indirect	978,790,103	1,501,700	-	**980,291,803**
Tan Kai Seng				
Direct	93,677	-	-	**93,677**
Yeoh Chong Swee				
Indirect	79,035	-	-	**79,035**
Chua Seng Yong				
Direct	600,406	40,200	(540,600)	**100,006**

In the Company	Number of Options over unissued ordinary shares of RM0.50 each			
	Offered	Accepted	Exercised	31 December 2015
Directors				
Tan Sri Abu Talib bin Othman	750,000	750,000	-	**750,000**
Dato' Seri Robert Tan Chung Meng	2,000,000	2,000,000	-	**2,000,000**
Tan Boon Seng	1,500,000	1,500,000	-	**1,500,000**
Tan Boon Lee	1,500,000	1,500,000	-	**1,500,000**
Tan Lei Cheng	500,000	500,000	-	**500,000**
Pauline Tan Suat Ming	500,000	500,000	-	**500,000**
Tony Tan @ Choon Keat	500,000	500,000	-	**500,000**
Tan Kai Seng	500,000	500,000	-	**500,000**
Yeoh Chong Swee	500,000	500,000	-	**500,000**
Chua Seng Yong	750,000	750,000	-	**750,000**
Daniel Yong Chen-I	500,000	500,000	-	**500,000**
Tan Yee Seng	500,000	500,000	-	**500,000**

DIRECTORS' REPORT
for the financial year ended 31 December 2015
(continued)

Directors' interests (continued)

Pursuant to an Order under Section 169A(1) of the Companies Act, 1965 dated 17 December 2015 obtained from the Companies Commission of Malaysia, the Directors are required to disclose the Eligible Executives who have been offered 500,000 option shares and above as follows:

In the Company	Number of Options over unissued ordinary shares of RM0.50 each			
	Offered	Accepted	Exercised	31 December 2015
Eligible Executives				
Chai Lai Sim	750,000	750,000	-	**750,000**
Teh Boon Ghee	500,000	500,000	-	**500,000**
Antony Patrick Barragry @ Anuar Phauzi Bin Abdullah	500,000	500,000	-	**500,000**
Elizabeth Tan Hui Ning	500,000	500,000	-	**500,000**
Gabrielle Tan Hui Chween	500,000	500,000	-	**500,000**
Dato' Lim Hock Kheng	500,000	500,000	-	**500,000**

In Goldis Berhad (ultimate holding company)	Number of ordinary shares of RM1.00 each			
	1 January 2015	Addition	Disposal	31 December 2015
Dato' Seri Robert Tan Chung Meng				
Direct	1,483,509	-	-	**1,483,509**
Indirect	178,355,976	5,425,000	-	**183,780,976**
Tan Boon Seng				
Direct	1,400,824	-	-	**1,400,824**
Indirect	95,421,942	10,276,100	(26,218,000)	**79,480,042**
Tan Boon Lee				
Direct	4,157,380	-	-	**4,157,380**
Tan Lei Cheng				
Direct	8,899,651	-	-	**8,899,651**
Indirect	3,862,176	-	-	**3,862,176**
Pauline Tan Suat Ming				
Direct	803,297	-	-	**803,297**
Indirect	178,355,976	5,425,000	-	**183,780,976**
Tony Tan @ Choon Keat				
Indirect	178,355,976	5,425,000	-	**183,780,976**
Tan Kai Seng				
Direct	19,891	-	-	**19,891**
Chua Seng Yong				
Direct	922	-	-	**922**
Tan Yee Seng				
Direct	53,045	-	-	**53,045**

DIRECTORS' REPORT

for the financial year ended 31 December 2015
(continued)

Directors' interests (continued)

In Goldis Berhad	Number of Redeemable Convertible Cumulative Preference Shares of RM0.01 each			
(ultimate holding company)	1 January 2015	Addition	Disposal	31 December 2015
Dato' Seri Robert Tan Chung Meng				
Direct	-	1,112,631	-	**1,112,631**
Indirect	-	142,988,143	-	**142,988,143**
Tan Boon Seng				
Direct	-	1,050,618	-	**1,050,618**
Indirect	-	72,151,330	-	**72,151,330**
Tan Boon Lee				
Direct	-	3,118,035	-	**3,118,035**
Tan Lei Cheng				
Direct	-	6,674,738	-	**6,674,738**
Indirect	-	2,915,613	-	**2,915,613**
Pauline Tan Suat Ming				
Direct	-	602,472	-	**602,472**
Indirect	-	142,988,143	-	**142,988,143**
Tony Tan @ Choon Keat				
Indirect	-	142,988,143	-	**142,988,143**
Tan Yee Seng				
Direct	-	39,783	-	**39,783**

DIRECTORS' REPORT
for the financial year ended 31 December 2015
(continued)

Directors' interests (continued)

In IGB Real Estate Investment Trust ("IGB REIT") (subsidiary)	Number of units of RM1.00 each			
	1 January 2015	Addition	Disposal	31 December 2015
Tan Sri Abu Talib bin Othman				
Direct	1,111,908	-	-	**1,111,908**
Dato' Seri Robert Tan Chung Meng				
Direct	7,289,081	2,000,000	-	**9,289,081**
Indirect	1,812,657,511	24,461,348	-	**1,837,118,859**
Tan Boon Seng				
Indirect	5,519,604	-	-	**5,519,604**
Tan Boon Lee				
Direct	1,989,725	-	-	**1,989,725**
Tan Lei Cheng				
Direct	1,853,742	-	-	**1,853,742**
Indirect	345,722	-	-	**345,722**
Pauline Tan Suat Ming				
Direct	1,080,898	-	-	**1,080,898**
Indirect	1,812,657,511	24,461,348	-	**1,837,118,859**
Tony Tan @ Choon Keat				
Direct	1,000,000	-	-	**1,000,000**
Indirect	1,812,657,511	24,461,348	-	**1,837,118,859**
Tan Kai Seng				
Direct	1,393	-	-	**1,393**
Yeoh Chong Swee				
Indirect	14,322	-	-	**14,322**
Daniel Yong Chen-I				
Direct	622,132	-	-	**622,132**
Tan Yee Seng				
Direct	307,200	-	-	**307,200**

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

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

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the fees and other emoluments paid as disclosed in Note 7) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 40.

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

DIRECTORS' REPORT

for the financial year ended 31 December 2015
(continued)

Statutory information on the financial statements

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

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

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

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

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

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

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

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

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

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

In the opinion of the Directors:

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

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

Ultimate holding company

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

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 April 2016.

Dato' Seri Robert Tan Chung Meng	**Tan Kai Seng**
Group Managing Director	Director

INCOME STATEMENTS

for the financial year ended 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	5	**1,167,082**	1,176,138	**391,095**	275,191
Cost of sales		**(573,380)**	(584,856)	**(43,335)**	(21,375)
Gross profit		**593,702**	591,282	**347,760**	253,816
Other operating income		**47,713**	26,415	**21,970**	30,306
Administrative expenses		**(187,945)**	(162,439)	**(43,178)**	(35,551)
Other operating expenses		**(10,803)**	(18,854)	**(1,879)**	(3,748)
Profit from operations	6	**442,667**	436,404	**324,673**	244,823
Finance costs	8	**(91,886)**	(73,736)	**(14,994)**	(13,979)
Finance income	8	**35,806**	38,177	**34,217**	36,010
Share of results of associates		**41,196**	24,679	**-**	-
Share of results of joint ventures		**(743)**	(3,314)	**-**	-
Profit before tax		**427,040**	422,210	**343,896**	266,854
Tax expense	9	**(92,455)**	(93,130)	**(36,734)**	(33,462)
Profit for the financial year		**334,585**	329,080	**307,162**	233,392
Attributable to:					
Equity holders of the Company		**216,903**	218,111	**307,162**	233,392
Non-controlling interests		**117,682**	110,969	**-**	-
Profit for the financial year		**334,585**	329,080	**307,162**	233,392
Earnings per ordinary share attributable to equity holders of the Company (sen)					
- Basic	10	**16.25**	16.29		

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the financial year	**334,585**	329,080	**307,162**	233,392
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	**68,198**	2,704	**-**	-
Non-controlling interests	**719**	100	**-**	-
Items that may be subsequently reclassified to profit or loss	**68,917**	2,804	**-**	-
Total comprehensive income for the financial year	**403,502**	331,884	**307,162**	233,392
Attributable to:				
Equity holders of the Company	**285,101**	220,815	**307,162**	233,392
Non-controlling interests	**118,401**	111,069	**-**	-
Total comprehensive income for the financial year	**403,502**	331,884	**307,162**	233,392

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Capital and reserves attributable to equity holders of the Company					
Share capital	12	**682,399**	682,399	**682,399**	682,399
Share premium	13	**112,641**	112,641	**112,641**	112,641
Treasury shares	14	**(81,088)**	(81,088)	**(81,088)**	(81,088)
		713,952	713,952	**713,952**	713,952
Other reserves	16	**159,675**	80,436	**73,790**	62,749
Retained earnings	17	**3,511,513**	3,511,016	**4,424,921**	4,317,994
		4,385,140	4,305,404	**5,212,663**	5,094,695
Non-controlling interests		**65,551**	85,191	**-**	-
Total equity		**4,450,691**	4,390,595	**5,212,663**	5,094,695
Non-current assets					
Property, plant and equipment	18	**2,178,748**	2,184,009	**1,392**	2,402
Investment properties	19	**2,452,033**	2,321,956	**-**	-
Inventories	20	**270,876**	267,294	**-**	-
Long-term prepaid lease	21	**4,065**	3,645	**-**	-
Investments in subsidiaries	22	**-**	-	**4,542,136**	4,330,009
Investments in associates	23	**516,551**	440,063	**37,735**	37,735
Investments in joint ventures	24	**431,937**	373,105	**-**	-
Amounts owing by subsidiaries	31	**-**	-	**33,349**	-
Deferred tax assets	25	**1,548**	103	**-**	-
Goodwill	26	**19,164**	19,164	**-**	-
		5,874,922	5,609,339	**4,614,612**	4,370,146
Current assets					
Inventories	20	**485,665**	392,372	**52,574**	47,295
Financial assets at fair value through profit or loss	28	**9,889**	11,932	**317**	343
Receivables and contract assets	30	**198,055**	226,370	**62,122**	28,868
Amounts owing by subsidiaries	31	**-**	-	**236,766**	293,284
Amounts owing by associates	32	**28,397**	49,347	**670**	675
Amounts owing by joint ventures	32	**18,389**	4,706	**-**	-
Tax recoverable		**4,030**	2,954	**-**	-
Cash held under Housing Development Accounts	33	**23,931**	40,500	**1,346**	16,419
Cash and bank balances	27	**1,065,654**	1,061,588	**604,176**	619,352
		1,834,010	1,789,769	**957,971**	1,006,236
Asset classified as held-for-sale	29	**35,190**	-	**-**	-
		1,869,200	1,789,769	**957,971**	1,006,236

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

(continued)

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Less: Current liabilities					
Payables and contract liabilities	34	**479,120**	497,608	**26,906**	17,993
Amounts owing to subsidiaries	31	**-**	-	**73,244**	51,100
Amounts owing to associates	32	**1,717**	2,697	**-**	-
Borrowings	35	**920,169**	575,288	**101,721**	1,218
Current tax payable		**98,592**	113,080	**7,812**	11,139
		1,499,598	1,188,673	**209,683**	81,450
Net current assets		**369,602**	601,096	**748,288**	924,786
Less: Non-current liabilities					
Payables and contract liabilities	34	**80,077**	59,788	**-**	-
Borrowings	35	**1,531,364**	1,571,267	**150,000**	200,000
Deferred tax liabilities	25	**182,392**	188,785	**237**	237
		1,793,833	1,819,840	**150,237**	200,237
		4,450,691	4,390,595	**5,212,663**	5,094,695

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2014

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares							
		Number of shares	Nominal value	Number of shares	Nominal value	Share premium	Other reserves (Note 16)	Retained earnings	Total	Non-controlling interests	Total equity
Group	Note	'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014 – restated		1,364,798	682,399	(6,436)	(17,439)	112,641	77,732	3,313,537	4,168,870	78,106	4,246,976
Total comprehensive income for the financial year		-	-	-	-	-	2,704	218,111	220,815	111,069	331,884
Transactions with equity holders:											
Dividends on ordinary shares	11	-	-	-	-	-	-	(33,699)	(33,699)	-	(33,699)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(132,162)	(132,162)
Share buy back	14	-	-	(23,464)	(63,649)	-	-	-	(63,649)	-	(63,649)
Changes in ownership interests in subsidiaries that do not result in a loss of control		-	-	-	-	-	-	13,067	13,067	28,178	41,245
Total transactions with equity holders		-	-	(23,464)	(63,649)	-	-	(20,632)	(84,281)	(103,984)	(188,265)
At 31 December 2014		1,364,798	682,399	(29,900)	(81,088)	112,641	80,436	3,511,016	4,305,404	85,191	4,390,595

COMPANY STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2015

		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares					
		Number of shares	Nominal value	Number of shares	Nominal value	Share premium	Other reserves	Retained earnings	Total equity
Company	**Note**	**'000**	**RM'000**	**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2015		**1,364,798**	**682,399**	**(29,900)**	**(81,088)**	**112,641**	**62,749**	**4,317,994**	**5,094,695**
Total comprehensive income for the financial year		-	-	-	-	-	-	**307,162**	**307,162**
Transactions with equity holders:									
Executives Share Option Scheme		-	-	-	-	-	**11,041**	-	**11,041**
Dividends on ordinary shares	11	-	-	-	-	-	-	**(200,235)**	**(200,235)**
Total transactions with equity holders		-	-	-	-	-	**11,041**	**(200,235)**	**(189,194)**
At 31 December 2015		**1,364,798**	**682,399**	**(29,900)**	**(81,088)**	**112,641**	**73,790**	**4,424,921**	**5,212,663**
At 1 January 2014 – restated		1,364,798	682,399	(6,436)	(17,439)	112,641	62,749	4,118,301	4,958,651
Total comprehensive income for the financial year		-	-	-	-	-	-	233,392	233,392
Transactions with equity holders:									
Dividends on ordinary shares	11	-	-	-	-	-	-	(33,699)	(33,699)
Share buy back	14	-	-	(23,464)	(63,649)	-	-	-	(63,649)
Total transactions with equity holders		-	-	(23,464)	(63,649)	-	-	(33,699)	(97,348)
At 31 December 2014		1,364,798	682,399	(29,900)	(81,088)	112,641	62,749	4,317,994	5,094,695

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating activities				
Cash receipts from customers	**1,236,431**	1,240,180	**95,259**	48,233
Cash paid to contractors, suppliers and employees	**(665,986)**	(659,037)	**(149,840)**	(173,884)
Cash flows from/(used in) operations	**570,445**	581,143	**(54,581)**	(125,651)
Interest paid	**(99,346)**	(78,880)	**(14,491)**	(14,044)
Income taxes paid	**(117,116)**	(92,294)	**(40,061)**	(32,018)
Income tax refunded	**1,259**	52,357	**-**	683
Dividends received from subsidiaries	**-**	-	**255,604**	223,477
Net cash generated from operating activities	**355,242**	462,326	**146,471**	52,447
Investing activities				
Proceeds from redemption of preference shares in subsidiaries	**-**	-	**32,025**	40,778
Proceeds from redemption of preference shares in associates	**5,500**	-	**-**	-
Interest received	**37,168**	38,224	**34,528**	34,528
Additions in property, plant and equipment	**(142,238)**	(280,848)	**(369)**	(369)
Additions in investment properties	**(170,964)**	(201,180)	**-**	-
Proceeds from sale of land held for property development	**7,655**	2,270	**-**	-
Additions in land held for property development	**(10,762)**	(715)	**-**	-
Proceeds from sale of property, plant and equipment	**157**	500	**-**	-
Acquisition of joint ventures	**-**	(67,494)	**-**	-
Disposal/(Purchase) of unit trust	**2,043**	(11,538)	**-**	-
Proceeds from disposal of an associate	**-**	3,900	**-**	2,500
Subscription of additional shares in associates	**(675)**	-	**-**	-
Capital repayment to non-controlling interests of a subsidiary	**(770)**	-	**-**	-
Subscription of additional shares in subsidiaries	**-**	-	**(48,735)**	(3,460)
Dividends received from associates	**13,762**	2,450	**-**	-
Repayment of advances from associates	**25,668**	1,930	**-**	-
Advances provided to subsidiaries	**-**	-	**(219,743)**	(435,943)
Repayments received on advances provided to subsidiaries	**-**	-	**71,282**	488,333
Advances to associates and joint ventures	**(12,487)**	(315,475)	**-**	(18)
Deposits pledged with licensed banks	**(53,669)**	(385,419)	**(53,669)**	(385,419)
Net cash used in investing activities	**(299,612)**	(1,213,395)	**(184,681)**	(260,371)

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2015
(continued)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Financing activities					
Repayments of borrowings		**(7,000)**	(40,000)	**-**	-
Proceeds from borrowings		**241,500**	630,475	**50,000**	-
Purchase of treasury shares		**-**	(66,042)	**-**	(66,042)
Cash arising from dilution of equity in a subsidiary		**225**	41,244	**-**	-
Advances received from subsidiaries		**-**	-	**260,250**	36,750
Repayments of advances received from subsidiaries		**-**	-	**(156,100)**	(24,322)
Dividends paid		**(200,235)**	(33,699)	**(200,235)**	(33,699)
Dividends paid to non-controlling interests of subsidiaries		**(149,526)**	(127,276)	**-**	-
Deposits held with trustee		**(1,095)**	(661)	**-**	-
Net cash (used in)/ generated from financing activities		**(116,131)**	404,041	**(46,085)**	(87,313)
Net decrease in cash and cash equivalents during the financial year		**(60,501)**	(347,028)	**(84,295)**	(295,237)
Cash and cash equivalents at 1 January		**593,572**	948,117	**155,352**	443,887
Foreign currencies exchange differences on opening balances		**(6,765)**	(7,517)	**377**	6,702
Cash and cash equivalents at 31 December	45	**526,306**	593,572	**71,434**	155,352

Non-cash transactions

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015

1. General information

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

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

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 1965, in Malaysia.

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

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

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

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

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2015:

- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2012 Cycle
- Amendments to MFRS 119 'Defined Benefit Plans: Employees Contributions'

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

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

There are no new accounting standards, amendments and improvements to published standards and interpretations that are early adopted by the Group and the Company.

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

The new standards, amendments and improvements to published standards and interpretations that are mandatory for the Group's and the Company's financial year beginning after 1 January 2015 or later periods, and the Group and the Company have not early adopted, are as follows:

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

(i) Financial year beginning on or after 1 January 2016

- Amendments to MFRS 11 'Joint Arrangements' (effective from 1 January 2016) require an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

- Amendments to MFRS 116 'Property, Plant and Equipment' and MFRS 138 'Intangible Assets' (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate the depreciation and amortisation of an item of property, plant and equipment and intangible are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to MFRS 10 'Consolidated Financial Statements' and MFRS 128 'Investments in Associates and Joint Ventures' regarding sale or contribution of assets between an investor and its associate or joint venture (effective from 1 January 2016) resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

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

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'. The complete version of MFRS 9 was issued in November 2014.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.2 Consolidation

(a) Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

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

(c) Disposal of subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(d) Joint arrangements

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

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

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

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

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

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

(e) Associates

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

***(e) Associates* (continued)**

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

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

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

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

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

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

(f) Investment in subsidiaries, joint ventures and associates

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

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

2.3 Property, plant and equipment

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

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

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

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

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

2.4 Investment properties

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

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

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

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

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in the income statements.

2.5 Goodwill

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.5 Goodwill (continued)

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

2.6 Impairment of non-financial assets

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

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

2.7 Leases

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

(a) Operating lease

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

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

(b) Finance lease

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.8 Inventories

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

(a) Unsold properties

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

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

(b) Hotel operating supplies

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

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

(c) Land held for property development

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

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

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

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

(d) Property development costs

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

2.9 Construction contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.9 Construction contracts (continued)

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

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

2.10 Trade and other receivables

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

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

2.11 Cash and cash equivalents

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

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

2.12 Share capital

(a) Classification

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

(b) Share issue costs

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

(c) Dividend distribution

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

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

(d) Purchase of own shares

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.12 Share capital (continued)

(e) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

2.13 Trade payables

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

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

2.14 Borrowings and borrowing costs

(a) Borrowings

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

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

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

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

(b) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.15 Current and deferred income tax

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

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

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

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

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

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

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

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

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

2.16 Employee benefits

(a) Short-term employee benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.16 Employee benefits (continued)

(b) Defined contribution plans

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

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

(c) Termination benefits

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

(d) Share-based payments

Employee options

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.17 Contingent assets and contingent liabilities

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

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

2.18 Revenue recognition

(a) Revenue from contracts with customers

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

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

Recognition and measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

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

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

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

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

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

(i) Hotel room rental and food and beverages revenue

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

(ii) Revenue from property development and construction contract

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

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

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

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

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

(iii) Sales of services

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

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

(iv) Utilities revenue

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

(b) Lease income on operating leases

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

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

(c) Interest income

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

(d) Dividend income

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

2.19 Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.19 Foreign currencies (continued)

(c) Group companies

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

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

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

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

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

2.20 Financial instruments

(a) Financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

***(a) Financial assets* (continued)**

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise 'cash and bank balances', 'receivables', 'amounts owing by subsidiaries', 'amounts owing by associates, amounts owing by joint ventures' and 'cash held under Housing Development Accounts' in the statements of financial position (Notes 27, 30, 31, 32 and 33).

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

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

(iii) Available-for-sale financial assets

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

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

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

(b) Financial liabilities

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

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

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

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

(i) Other financial liabilities

Other financial liabilities of the Group comprise 'amounts owing to subsidiaries', 'amounts owing to associates', 'payables and contract liabilities' and 'borrowings' in the statements of financial position (Notes 31, 32, 34 and 35).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

***(b) Financial liabilities* (continued)**

(i) Other financial liabilities (continued)

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

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

(ii) Financial guarantee contracts

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

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

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

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

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

(c) Impairment of financial assets

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

Assets carried at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

***(c) Impairment of financial assets* (continued)**

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

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

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

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

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

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

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

Assets classified as available-for-sale

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

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

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

(e) Fair value estimation for disclosure purposes

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

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

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

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

(f) Offsetting financial instruments

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

2.21 Segment reporting

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

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

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

2.22 Compound financial instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

2. Summary of significant accounting policies (continued)

2.23 Net investment hedge

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

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

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

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

2.24 Asset classified as held-for-sale

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

3. Financial risk management objectives and policies

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

(a) Market risk

(i) Foreign currency exchange risk

The Group and the Company is exposed to foreign currency risk as a result of advances from/(to) subsidiaries, advances from/(to) associates, advances from/(to) joint ventures, deposits with licensed banks and borrowings denominated in Great Britain Pound ("GBP"), United States Dollar ("USD") and Australian Dollar ("AUD"). Management regularly monitors the foreign exchange currency fluctuations.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

3. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued)

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

As at 31 December 2015, the Group's and the Company's Ringgit Malaysia ("RM") functional currency had GBP, USD and AUD denominated net monetary assets/(liabilities) are as tabled below together with the effects to the Group and the Company profit before tax, had the GBP, USD and AUD strengthened by 2% (31.12.2014: 2%) against RM, the profit before tax would (decrease)/increase as follows:

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net monetary assets/(liabilities) denominated in				
- GBP	**25,625**	(287,811)	**-**	-
- USD	**452**	5,260	**452**	5,260
- AUD	**94**	36,560	**11,779**	108,759
Effects to profit before tax if the currency had strengthened by 2%				
- GBP	**512**	(5,756)	**-**	-
- USD	**9**	105	**9**	105
- AUD	**2**	731	**236**	2,175
Net exposure	**523**	(4,920)	**245**	2,280

A 2% (31.12.2014: 2%) weakening of RM against the above currencies at the end of the reporting period would have an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

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

(ii) Cash flow interest rate risk

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

The information on maturity dates and effective interest rates of these borrowings is disclosed in Note 35.

The Group's and Company's interest rate exposure is co-related with changes in cost of funds ("COF") of the lenders. The impact on the Group's and Company's profit after tax arising from changes in COF of the lenders by 25 (2014: 25) basis points arising from the Group's and Company's floating rate term loan and revolving credits with all other variables being held constant, would be as follows:

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Impact to profit after tax due to interest rate:				
- increase by 25 (2014: 25) basis points	**(1,929)**	(1,375)	**(94)**	-
- decrease by 25 (2014: 25) basis points	**1,929**	1,375	**94**	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

3. Financial risk management objectives and policies (continued)

(b) Credit risk

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

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

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

Credit risk arising from property development

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

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

Credit risk arising from property investment – office towers and malls

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

Credit risk arising from amounts due from joint ventures

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

Credit risk arising from deposits with licensed banks

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

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

	Company	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Corporate guarantees provided to banks on subsidiaries' facilities	**350,000**	125,000

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

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for the financial year ended 31 December 2015
(continued)

3. Financial risk management objectives and policies (continued)

(c) Liquidity and cash flow risk

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

At 31 December 2015, the Group held cash and cash equivalents of RM526,306,000 (2014: RM593,572,000) that are expected to readily generate cash inflows for managing liquidity risk.

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

Group	Note	Less than 1 year RM'000	Between1 year and 2 years RM'000	Between 2 years and 3 years RM'000	Over 3 years RM'000	Total RM'000
At 31.12.2015						
Borrowings	**35**	**995,675**	**151,403**	**175,864**	**1,383,082**	**2,706,024**
Payables and contract liabilities	**34**	**474,415**	**48,167**	**26,229**	**5,681**	**554,492**
Amounts owing to associates	**32**	**1,717**	**-**	**-**	**-**	**1,717**
At 31.12.2014						
Borrowings	35	677,997	160,806	1,330,459	266,729	2,435,991
Payables and contract liabilities	34	497,608	31,558	22,549	5,681	557,396
Amounts owing to associates	32	2,697	-	-	-	2,697
Company						
At 31.12.2015						
Borrowings	**35**	**111,715**	**57,069**	**102,437**	**-**	**271,221**
Payables and contract liabilities	**34**	**26,783**	**-**	**-**	**-**	**26,783**
Amounts owing to subsidiaries	**31**	**73,244**	**-**	**-**	**-**	**73,244**
Financial guarantee liabilities	**3(b)**	**350,000**	**-**	**-**	**-**	**350,000**
At 31.12.2014						
Borrowings	35	12,918	59,994	57,069	102,438	232,419
Payables and contract liabilities	34	17,993	-	-	-	17,993
Amounts owing to subsidiaries	31	51,100	-	-	-	51,100
Financial guarantee liabilities	3(b)	125,000	-	-	-	125,000

(d) Capital risk management

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

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

3. Financial risk management objectives and policies (continued)

(d) Capital risk management (continued)

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

The debt to equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (excluding payables and contract liabilities) less cash and cash equivalents. Total equity is as shown in the statement of financial position.

The gearing ratios were as follows:

	Group	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Total borrowings (Note 35)	**2,451,533**	2,146,555
Less: cash and cash equivalents (Note 45)	**(1,089,585)**	(1,102,088)
Net debt	**1,361,948**	1,044,467
Total equity	**4,450,691**	4,390,595
Gearing ratio	**31%**	24%

(e) Fair values

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

Fair value estimation

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

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

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

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Level 1				
Financial assets at fair value through profit or loss	**9,889**	11,932	**317**	343

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

4. Critical accounting estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

4. Critical accounting estimates and judgements (continued)

(a) Impairment of assets

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

(b) Recognition of property development profits

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

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

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

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

(c) Taxation

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. When the final tax outcome is different from the amount that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the expectation of future taxable profits that will be available against which tax losses can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

5. Revenue

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Lease income:				
- retail malls	**338,174**	320,209	**-**	-
- office buildings	**140,862**	139,417	**5,799**	4,570
- rent related	**114,279**	105,322	**255**	166
Contract with customers:				
- hotel room revenue	**267,960**	261,131	**-**	-
- sale of food and beverages	**85,418**	88,698	**-**	-
- property development revenue				
- sale of properties	**142,433**	175,454	**58,810**	25,178
- property management fees and others	**1,894**	2,554	**-**	-
- construction contract revenue	**-**	7,427	**-**	-
- utilities	**54,882**	55,598	**-**	-
- rendering of services	**21,180**	20,328	**-**	-
Investment income	**-**	-	**326,231**	245,277
	1,167,082	1,176,138	**391,095**	275,191

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

6. PROFIT FROM OPERATIONS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit from operations is stated after charging:				
Auditors' remuneration:				
- current financial year	**944**	850	**170**	125
- under provision in prior financial year	**27**	81	**13**	18
- other fees	**144**	114	**31**	7
Property development costs and cost of completed units sold	**97,580**	119,856	**40,357**	17,400
Depreciation:				
- property, plant and equipment (Note 18)	**92,066**	70,023	**1,379**	1,401
- investment properties (Note 19)	**51,806**	50,950	**-**	-
- long-term prepaid lease (Note 21)	**289**	241	**-**	-
Hire of plant and equipment	**81**	633	**-**	-
Operating lease rental	**1,353**	1,220	**-**	-
Rental of buildings	**205**	172	**4,002**	4,002
Staff costs (includes Directors' remuneration as disclosed in Note 7 but excludes defined contribution plan)				
- Salaries*	**151,844**	130,633	**30,054**	26,310
- Defined contribution plan*	**16,030**	14,378	**3,317**	3,020
Executives Share Option Scheme	**11,041**	-	**7,890**	-
Foreign exchange loss - unrealised	**1,974**	10	**1,838**	-
Foreign exchange loss - realised	**3,726**	1,204	**-**	-
Write-off of property, plant and equipment	**311**	45,298	**-**	-
Loss on disposal of property, plant and equipment	**29**	275	**-**	-
Provision for impairment:				
- trade and other receivables (Note 30A)	**383**	1,441	**-**	-
- property plant and equipment (Note 18)	**-**	10,905	**-**	-
- investments in associates (Note 23)	**1,084**	-	**-**	-
Quit rent and assessment	**28,460**	27,886	**19**	10
Utilities	**115,467**	116,639	**335**	359
and crediting:				
Foreign exchange gain - realised	**282**	-	**282**	-
Foreign exchange gain - unrealised	**21,862**	3,330	**168**	241
Reversal of impairment loss:				
- trade and other receivables (Note 30A)	**3,148**	897	**-**	-
- amounts owing by subsidiaries	**-**	-	**183**	979
- property, plant and equipment (Note 18)	**7,875**	7,425	**-**	-
- land held for property development (Note 20a)	**-**	21,036	**-**	-
Gain on redemption of redeemable preference shares	**-**	-	**1,525**	28,242
Gain on disposal of property, plant and equipment	**17**	30	**-**	-
Advertisement and promotional income	**2,592**	2,669	**-**	-
Exhibition business	**1,581**	1,829	**-**	-
Leasing of storage	**2,199**	2,045	**-**	-
Gain on voluntary liquidation of subsidiary	**-**	-	**19,091**	500

* *During the financial year, salaries and defined contribution plan for the Group of RM3,732,000 (2014: RM3,080,000) and RM341,000 (2014: RM374,000) respectively were capitalised into inventory in progress and investment property in progress.*

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

7. Directors' remuneration

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fees	**320**	320	**320**	320
Salaries, bonus and allowances				
- Directors of the Company	**14,874**	12,314	**9,592**	7,992
Defined contribution plan	**1,777**	1,478	**1,118**	932
Benefits-in-kind	**124**	115	**124**	115
Executives share option scheme	**3,712**	-	**3,712**	-
	20,807	14,227	**14,866**	9,359

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

8. Finance income and costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
Term loans and revolving credits	**91,646**	73,479	**13,664**	11,775
Amounts owing to subsidiaries	**-**	-	**1,330**	2,204
Other financing costs	**240**	257	**-**	-
Total finance costs	**91,886**	73,736	**14,994**	13,979
Interest income on:				
Deposits with licensed banks	**32,420**	35,406	**20,040**	22,340
Late payment from tenants	**513**	631	**-**	-
Advances to subsidiaries	**-**	-	**14,167**	13,664
Others	**2,873**	2,140	**10**	6
Total finance income	**35,806**	38,177	**34,217**	36,010
Net finance costs/(income)	**56,080**	35,559	**(19,223)**	(22,031)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

9. Tax expense

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Current tax:					
Malaysian tax		**96,748**	91,479	**36,734**	33,395
Foreign tax		**3,545**	5,547	**-**	-
		100,293	97,026	**36,734**	33,395
Deferred tax	25	**(7,838)**	(3,896)	**-**	67
		92,455	93,130	**36,734**	33,462
Current tax:					
Current financial year		**102,966**	97,029	**38,291**	31,770
(Over)/Under accrual in prior financial year		**(2,673)**	(3)	**(1,557)**	1,625
		100,293	97,026	**36,734**	33,395
Deferred tax:					
Origination and reversal of temporary differences	25	**(7,838)**	(3,896)	**-**	67
		92,455	93,130	**36,734**	33,462

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

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Malaysian income tax rate	**25**	25	**25**	25
Tax effects of:				
Share of results of associates	**(3)**	(1)	**-**	-
Expenses not deductible for tax purposes	**6**	7	**1**	-
Current year tax losses and deductible temporary difference not recognised	**1**	3	**-**	-
Income not subject to tax	**(8)**	(12)	**(14)**	(13)
(Over)/under accrual in prior financial year	**1**	-*	**(1)**	1
Average effective tax rate	**22**	22	**11**	13

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

10. Earnings per ordinary share

Basic earnings per ordinary share

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

	Group	
	2015	**2014**
Profit attributable to the equity holders of the Company (RM'000)	**216,903**	218,111
Weighted average number of ordinary shares in issue ('000)	**1,334,898**	1,339,274
Basic earnings per share (sen)	**16.25**	16.29

Diluted earnings per ordinary share

The Group's ESOS (Note 15) has the potential to increase the weighted average number of shares. However, as at 31.12.2015 the exercise price of RM2.88 per new ordinary share is above the fair value quoted market price, hence the ESOS shares are anti-dilutive.

11. Dividends

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

	Group and Company			
	2015		**2014**	
	Gross dividend per share	**Amount of dividend**	**Gross dividend per share**	**Amount of dividend**
	Sen	**RM'000**	**Sen**	**RM'000**
Ordinary shares:				
Paid interim single-tier dividend of 10.0% for financial year ended 31 December 2015	**5.0**	**66,745**	-	-
Paid interim single-tier dividend of 20.0% for financial year ended 31 December 2014	**10.0**	**133,490**	-	-
Paid interim single-tier dividend of 5.0% for financial year ended 31 December 2013	**-**	**-**	2.5	33,699
Dividend recognised as distribution to ordinary equity holders	**15.0**	**200,235**	2.5	33,699

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

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

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

On 26 February 2014, the Directors declared a second interim single-tier dividend of 5.0% in respect of the financial year ended 31 December 2013 which was paid on 28 March 2014 to every member who was entitled to receive the dividend as at 4.00 pm on 12 March 2014.

The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

12. Share capital

	Group and Company	
	2015	**2014**
	RM'000	**RM'000**
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January/31 December	**1,000,000**	1,000,000
Issued and fully paid		
At 1 January/31 December	**682,399**	682,399
1% Irredeemable Convertible Preference Shares of RM1.00 each:		
Authorised		
At 1 January/31 December	**200,000**	200,000

13. Share premium

	Group and Company	
	2015	**2014**
	RM'000	**RM'000**
Relating to ordinary shares:		
At 1 January/31 December	112,641	112,641

14. Treasury shares

At the previous Annual General Meeting held on 22 May 2015, the Company did not seek shareholders' approval to repurchase its own shares. The Company has not repurchase its own shares since 3 June 2014.

As at 31 December 2015, a total of 29,899,600 (31.12.2014: 29,899,600) ordinary shares of RM0.50 each were held as treasury shares. The cost of these treasury shares amounted to RM81,087,665 (2014: RM81,087,665) giving an average price of RM2.71 (2014: RM2.71) per share.

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

As at 31 December 2015, the number of outstanding shares in issue after setting off treasury shares against equity was 1,334,898,740 (31.12.2014: 1,334,898,740).

15. Executives Share Option Scheme ("ESOS")

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

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

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

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

(i) the aggregate number of IGB shares allocated shall not exceed the maximum number of IGB shares available from the ESOS Scheme; and
(ii) the number of IGB shares allocated is subject to the maximum allowable allotment of new IGB shares.

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

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

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

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

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

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

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

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

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

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

As at 31 December 2015, all 24,580,000 options are exercisable.

NOTES TO THE FINANCIAL STATEMENTS

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(continued)

16. Other reserves

	Exchange fluctuation reserve RM'000	Capital redemption reserve RM'000	ESOS reserve RM'000	Total RM'000
Group				
2015				
At 1 January	**17,687**	**62,749**	**-**	**80,436**
Share options	**-**	**-**	**11,041**	**11,041**
Currency translation differences	**68,198**	**-**	**-**	**68,198**
At 31 December	**85,885**	**62,749**	**11,041**	**159,675**
Company				
2015				
At 1 January	**-**	**62,749**	**-**	**62,749**
Share options	**-**	**-**	**11,041**	**11,041**
At 31 December	**-**	**62,749**	**11,041**	**73,790**
Group				
2014				
At 1 January – restated	14,983	62,749	-	77,732
Currency translation differences	2,704	-	-	2,704
At 31 December	17,687	62,749	-	80,436
Company				
2014				
At 1 January/31 December	-	62,749	-	62,749

a) Capital redemption reserve

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

b) Exchange fluctuation reserve

During the financial year ended 31 December 2015, the Group has designated a net investment hedge for borrowings amounting to GBP57.1 million or Ringgit Malaysia equivalent of RM365 million which were used to fund an investment in a joint venture.

The effectiveness of the hedging relationship is tested prospectively and retrospectively at each reporting date by comparing the cumulative value changes of hedging instruments and hedge item. The hedging relationship was highly effective for the total hedging period and as of the reporting date. Resultantly, the unrealised losses totalling RM52.7 million from the hedging relationship as disclosed above were recognised through other comprehensive income.

17. Retained earnings

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credit under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

NOTES TO THE FINANCIAL STATEMENTS

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(continued)

18. Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

18. Property, plant and equipment (continued)

Group 2014	Note	Freehold land RM'000	Leasehold land RM'000	Hotel properties (Note 18A) RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At cost										
At 1 January		61,146	1,558	2,032,138	992	20,335	8,422	37,795	184,911	2,347,297
Additions		-	-	26,482	1,226	92	570	3,222	252,111	283,703
Currency translation differences		-	-	2,085	-	-	35	-	(2,071)	49
Transferred from investment properties	19	4,000	-	-	-	-	-	-	-	4,000
Transferred to inventory:										
- land held for property development	20(a)	(917)	-	-	-	-	-	-	-	(917)
- property development costs	20(b)	(4,621)	-	-	-	-	-	-	-	(4,621)
Reclassification		-	-	17,479	100,383	-	-	4,310	(122,172)	-
Write-offs		-	-	(54,624)	-	-	-	(74)	-	(54,698)
Disposals		-	-	(352)	-	-	(998)	(47)	-	(1,397)
At 31 December		59,608	1,558	2,023,208	102,601	20,427	8,029	45,206	312,779	2,573,416
Accumulated depreciation										
At 1 January		-	269	285,292	381	5,151	6,074	19,444	-	316,611
Charge for the financial year	6	-	16	61,383	1,244	1,180	674	5,526	-	70,023
Currency translation differences		-	-	2,177	-	-	18	-	-	2,195
Write-offs		-	-	(9,332)	-	-	-	(68)	-	(9,400)
Disposals		-	-	(128)	-	-	(790)	(9)	-	(927)
At 31 December		-	285	339,392	1,625	6,331	5,976	24,893	-	378,502
Accumulated impairment losses										
At 1 January		-	-	7,425	-	-	-	-	-	7,425
Addition to impairment	6	-	-	10,905	-	-	-	-	-	10,905
Reversal of impairment	6	-	-	(7,425)	-	-	-	-	-	(7,425)
At 31 December		-	-	10,905	-	-	-	-	-	10,905
Net book value										
At 31 December		59,608	1,273	1,672,911	100,976	14,096	2,053	20,313	312,779	2,184,009

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

18. Property, plant and equipment (continued)

18A. Hotel properties

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

18. Property, plant and equipment (continued)

18A. Hotel properties

Group	**Freehold land**	**Hotel buildings**	**Plant and machinery**	**Office furniture, fittings and equipment**	**Total**
2014	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost					
At 1 January	355,565	1,352,507	56,250	267,816	2,032,138
Additions	-	11,736	1,632	13,114	26,482
Currency translation differences	(1,176)	(667)	3,442	486	2,085
Reclassification	14,212	(3,282)	-	6,549	17,479
Write-offs	-	(41,352)	(8,101)	(5,171)	(54,624)
Disposals	-	-	-	(352)	(352)
At 31 December	368,601	1,318,942	53,223	282,442	2,023,208
Accumulated depreciation					
At 1 January	-	89,601	35,379	160,312	285,292
Charge for the financial year	-	25,841	4,355	31,187	61,383
Currency translation differences	-	1,048	748	381	2,177
Write-offs	-	(1,756)	(2,885)	(4,691)	(9,332)
Disposals	-	-	-	(128)	(128)
At 31 December	-	114,734	37,597	187,061	339,392
Accumulated impairment losses					
At 1 January	-	7,425	-	-	7,425
Addition to impairment	-	10,905	-	-	10,905
Reversal of impairment	-	(7,425)	-	-	(7,425)
At 31 December	-	10,905	-	-	10,905
Net book value					
At 31 December	368,601	1,193,303	15,626	95,381	1,672,911

Write-back of impairment of property, plant and equipment

In the previous financial year, an impairment on the carrying value of property, plant and equipment of a subsidiary company in Kuala Lumpur was recognised due to losses incurred.

The impairment previously recognised had been written back during the financial year as the recoverable amount exceeds the carrying value of the property, plant and equipment. The recoverable amount is based on the fair value of the hotel property, determined based on the selling price of the property, concluded after the financial year end.

The reversal of impairment recognised in the financial statements within administrative expense of the Group is RM7,875,000.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

18. Property, plant and equipment (continued)

Company	**Note**	**Plant and machinery**	**Motor vehicles**	**Office furniture, fittings and equipment**	**Total**
2015		**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost					
At 1 January		**5,206**	**1,871**	**10,239**	**17,316**
Additions		**-**	**-**	**369**	**369**
At 31 December		**5,206**	**1,871**	**10,608**	**17,685**
Accumulated depreciation					
At 1 January		**5,206**	**1,559**	**8,149**	**14,914**
Charge for the financial year	6	**-**	**94**	**1,285**	**1,379**
At 31 December		**5,206**	**1,653**	**9,434**	**16,293**
Net book value					
At 31 December		**-**	**218**	**1,174**	**1,392**
2014					
At cost					
At 1 January		5,206	1,871	9,923	17,000
Additions		-	-	317	317
Disposals		-	-	(1)	(1)
At 31 December		5,206	1,871	10,239	17,316
Accumulated depreciation					
At 1 January		5,206	1,466	6,841	13,513
Charge for the financial year	6	-	93	1,308	1,401
At 31 December		5,206	1,559	8,149	14,914
Net book value					
At 31 December		-	312	2,090	2,402

	Group	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Net book value of assets pledged as security for borrowings (Note 35):	**683,627**	695,231
Interest cost capitalised within property, plant and equipment:	**2,380**	5,596

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

19. Investment properties

Group		**Property investment-retail**	**Property investment-commercial**	**Capital work-in- progress**	**Total**
2015	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost					
At 1 January		**1,377,725**	**767,353**	**799,363**	**2,944,441**
Additions		**103**	**501**	**177,731**	**178,335**
Transferred from property, plant and equipment	18	**-**	**11,340**	**-**	**11,340**
Reclassification		**24,551**	**-**	**(24,551)**	**-**
Reversal of over-accruals		**-**	**(7,792)**	**-**	**(7,792)**
At 31 December		**1,402,379**	**771,402**	**952,543**	**3,126,324**
Accumulated depreciation					
At 1 January		**430,136**	**192,349**	**-**	**622,485**
Charge for the financial year	6	**28,397**	**23,409**	**-**	**51,806**
At 31 December		**458,533**	**215,758**	**-**	**674,291**
Net book value					
At 31 December		**943,846**	**555,644**	**952,543**	**2,452,033**
2014					
At cost					
At 1 January		1,377,725	760,363	608,541	2,746,629
Additions		-	1,768	199,412	201,180
Transferred to property, plant and equipment	18	-	(4,000)	-	(4,000)
Transferred from inventory - property development cost	20(b)	-	970	-	970
Reclassification		-	8,590	(8,590)	-
Disposal		-	(338)	-	(338)
At 31 December		1,377,725	767,353	799,363	2,944,441
Accumulated depreciation					
At 1 January		402,328	169,207	-	571,535
Charge for the financial year	6	27,808	23,142	-	50,950
At 31 December		430,136	192,349	-	622,485
Net book value					
At 31 December		947,589	575,004	799,363	2,321,956

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

19. Investment properties (continued)

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM197,052,000 (31.12.2014: RM223,005,000).

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

	Group 2015 RM'000	Group 2014 RM'000
Depreciation of investment properties (Note 6)	**51,806**	50,950
Quit rent and assessment	**20,993**	20,993
Repairs and maintenance	**12,089**	27,315
Staff costs	**28,335**	24,705
Utilities	**47,891**	51,679

	31.12.2015 RM'000	31.12.2014 RM'000	Level	Valuation technique
Fair value:				
Retail malls	**4,890,000**	4,890,000	3	Income approach
Commercial properties	**1,768,818**	1,674,108	3	Income approach
Total	**6,658,818**	6,564,108		

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

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

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

The Level 3 inputs (unobservable inputs) include:

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

Investment property with net book value RM393,292,000 (31.12.2014: RM403,267,000) have been charged as security for borrowings as disclosed in Note 35.

Included in the Group's investment properties incurred during the financial year were interest expense capitalised amounting to RM7,372,000 (31.12.2014: RM1,430,000).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

20. Inventories

		Group	
		31.12.2015	31.12.2014
	Note	RM'000	RM'000
Non-current			
Land held for property development	20(a)	**270,876**	267,294
Current			
Property development costs	20(b)	**397,382**	312,289
Unsold properties	20(c)	**86,176**	77,919
Hotel operating supplies	20(d)	**2,107**	2,164
		485,665	392,372

		Company	
		31.12.2015	31.12.2014
	Note	RM'000	RM'000
Current			
Property development costs	20(b)	**16,436**	11,157
Unsold properties	20(c)	**36,138**	36,138
		52,574	47,295

(a) Land held for property development

Group 2015	At cost RM'000	At net realisable value RM'000	Total RM'000
At 1 January			
Land cost	**76,940**	**98,327**	**175,267**
Development costs	**15,324**	**76,703**	**92,027**
	92,264	**175,030**	**267,294**
Costs incurred during the financial year:			
Land costs	**9,021**	**-**	**9,021**
Development costs	**1,556**	**185**	**1,741**
Disposal during the financial year:			
Land costs	**-**	**(4,261)**	**(4,261)**
Development costs	**-**	**(2,919)**	**(2,919)**
	10,577	**(6,995)**	**3,582**
At 31 December	**102,841**	**168,035**	**270,876**
Land cost	**85,961**	**94,066**	**180,027**
Development costs	**16,880**	**73,969**	**90,849**
At 31 December	**102,841**	**168,035**	**270,876**

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

20. Inventories (continued)

(a) Land held for property development (continued)

Group 2014	Note	At cost RM'000	At net realisable value RM'000	Total RM'000
At 1 January				
Land cost		68,915	98,636	167,551
Development costs		14,923	56,075	70,998
		83,838	154,711	238,549
Costs incurred during the financial year:				
Development costs		715	-	715
Disposal during the financial year:				
Land costs		-	(309)	(309)
Development costs		-	(408)	(408)
Reversal of write down during the financial year:				
Development costs	6	-	21,036	21,036
Transferred from property, plant and equipment:				
Land	18	917	-	917
Transferred from/(to) inventories – property development costs:				
Land	20(b)	7,108	-	7,108
Development costs	20(b)	(314)	-	(314)
		8,426	20,319	28,745
At 31 December		92,264	175,030	267,294
Land cost		76,940	98,327	175,267
Development costs		15,324	76,703	92,027
At 31 December		92,264	175,030	267,294

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

20. Inventories (continued)

(b) Property development costs

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At Cost					
At 1 January					
Land and development costs		**595,590**	475,678	**41,631**	26,081
Accumulated costs charged to income statements		**(283,301)**	(166,051)	**(30,474)**	(13,074)
		312,289	309,627	**11,157**	13,007
Less:					
Completed development properties:					
Land and development costs		**(276,956)**	-	**-**	-
Accumulated costs charged to income statements		**276,956**	-	**-**	-
		-	-	**-**	-
Transferred to land held for property development:					
Land and development costs	20(a)	**-**	(6,794)	**-**	-
Transferred to inventories - unsold properties	20(c)	**(14,354)**	-	**-**	-
Add:					
Costs incurred during the financial year:					
Land and development costs		**146,145**	123,055	**45,636**	15,550
Transferred from property, plant and equipment:					
Land	18	**44,785**	4,621	**-**	-
Transferred to investment properties:					
Land	19	**-**	(970)	**-**	-
Costs recognised to income statement in current financial year		**(91,483)**	(117,250)	**(40,357)**	(17,400)
At 31 December		**397,382**	312,289	**16,436**	11,157

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

20. Inventories (continued)

(b) Property development costs (continued)

		Group		Company	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Note	RM'000	RM'000	RM'000	RM'000
Property development costs are analysed as follows:					
At cost:					
Land and development costs		**495,210**	595,590	**87,265**	41,631
Accumulated costs charged to income statements		**(97,828)**	(283,301)	**(70,829)**	(30,474)
		397,382	312,289	**16,436**	11,157
Land and development costs at cost charged as security for borrowings	35(b)	**150,899**	71,570	**-**	-
Interest cost capitalised as property development cost		**1,116**	2,863	**-**	-
Costs to obtain or fulfil contract recognised as an expense in the income statements in current financial year		**1,971**	6,624	**870**	666

(c) Unsold properties

As at 31.12.2015 and 31.12.2014, all unsold properties for the Group and the Company are stated at cost.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	**77,919**	80,525	**36,138**	36,138
Transferred from inventory - property development cost	**14,354**	-	**-**	-
Disposals during the financial year (Note 6)	**(6,097)**	(2,606)	**-**	-
At 31 December	**86,176**	77,919	**36,138**	36,138

(d) Hotel operating supplies

As at 31.12.2015 and 31.12.2014, all hotel operating supplies for the Group are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

21. Long-term prepaid lease

	Note	Group 2015 RM'000	Group 2014 RM'000
At cost			
At 1 January		**7,453**	7,052
Foreign exchange difference		**1,552**	401
At 31 December		**9,005**	7,453
Accumulated amortisation			
At 1 January		**3,808**	3,355
Current year amortisation	6	**289**	241
Foreign exchange difference		**843**	212
At 31 December		**4,940**	3,808
Net book value			
At 31 December		**4,065**	3,645

22. Investments in subsidiaries

	Company 31.12.2015 RM'000	Company 31.12.2014 RM'000
At cost:		
Quoted shares	**2,375,056**	2,375,056
Unquoted shares	**2,173,049**	1,960,922
	4,548,105	4,335,978
Less: Accumulated impairment losses	**(5,969)**	(5,969)
At 31 December	**4,542,136**	4,330,009
Market value of quoted shares	**2,323,048**	2,271,039

Details of subsidiaries are set out in Note 42.

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

As at 31 December 2015, the total non-controlling interests of the Group was RM65,551,000 (31.12.2014: RM85,191,000), of which RM91,127,000 (31.12.2014: RM91,103,000) and RM(112,563,000) (31.12.2014: RM(105,885,000)) were attributed to Southkey Megamall Sdn Bhd and IGB REIT respectively, two subsidiaries that have material non-controlling interests. The non-controlling interests of the other subsidiaries of RM86,987,000 (31.12.2014: RM99,973,000) were individually immaterial.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

22. Investments in subsidiaries (continued)

Set out below are the summarised financial information of Southkey Megamall Sdn Bhd and IGB REIT, two subsidiaries that have material non-controlling interests and are based on amounts before intercompany eliminations with the Company.

	Southkey Megamall Sdn Bhd	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Proportion of ordinary shares and voting rights held by non-controlling interests (%)	**30.00**	30.00
Summarised statement of comprehensive income:		
Net profit for the financial year	**83**	384
Total comprehensive income for the financial year	**83**	384
Total comprehensive income attributable to non-controlling interests	**25**	115
Dividends paid to non-controlling entities	**-**	-
Summarised statement of financial position:		
Current assets	**727**	94
Current liabilities	**(138,723)**	(61,130)
Total net current liabilities	**(137,996)**	(61,036)
Non-current assets	**441,753**	364,711
Non-current liabilities	**-**	-
Total net non-current assets	**441,753**	364,711
Net assets	**303,757**	303,675
Attributable to		
- owners of the Company	**212,630**	212,572
- non-controlling interests	**91,127**	91,103
	303,757	303,675
Summarised statement of cash flows:		
Net cash flows used in operating activities	**(5,224)**	(868)
Net cash flows used in investing activities	**(76,830)**	(81,216)
Net cash flows from financing activities	**81,992**	21,925
Net decrease in cash and cash equivalents during the financial year	**(62)**	(60,159)
Cash and cash equivalents at 1 January	**85**	60,244
Cash and cash equivalents at 31 December	**23**	85

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for the financial year ended 31 December 2015
(continued)

22. Investments in subsidiaries (continued)

Set out below are the summarised financial information of Southkey Megamall Sdn Bhd and IGB REIT, two subsidiaries that have material non-controlling interests and are based on amounts before intercompany eliminations with the Company. (continued)

	IGB REIT	
	31.12.2015	**31.12.2014**
	RM'000	**RM'000**
Proportion of ordinary shares and voting rights held by non-controlling interests (%)	**48.00**	48.34
Summarised statement of comprehensive income:		
Net profit for the financial year	**236,482**	203,879
Total comprehensive income for the financial year	**236,482**	203,879
Total comprehensive income attributable to non-controlling interests	**113,511**	98,555
Dividends paid to non-controlling entities	**136,682**	127,276
Summarised statement of financial position:		
Current assets	**308,831**	249,683
Current liabilities	**(274,115)**	(242,346)
Total net current assets	**34,716**	7,337
Non-current assets	**989,946**	1,019,373
Non-current liabilities	**(1,259,169)**	(1,245,753)
Total net non-current liabilities	**(269,223)**	(226,380)
Net liabilities	**(234,507)**	(219,043)
Attributable to		
- owners of the Company	**(121,944)**	(113,158)
- non-controlling interests	**(112,563)**	(105,885)
	(234,507)	(219,043)
Summarised statement of cash flows:		
Net cash flows from operating activities	**353,001**	322,580
Net cash flows from investing activities	**4,600**	3,440
Net cash flows used in financing activities	**(343,946)**	(311,931)
Net increase in cash and cash equivalents during the financial year	**13,655**	14,089
Cash and cash equivalents at 1 January	**203,801**	189,712
Cash and cash equivalents at 31 December	**217,456**	203,801

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(continued)

23. Investments in associates

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost :				
Unquoted shares in Malaysia	**83,885**	88,710	**11,702**	11,702
Unquoted shares outside Malaysia	**25,977**	25,977	**-**	-
Amounts owing by associates	**30,092**	30,092	**30,092**	30,092
	139,954	144,779	**41,794**	41,794
Group's share of post-acquisition results and reserves	**385,455**	303,058	**-**	-
	525,409	447,837	**41,794**	41,794
Less: Accumulated impairment losses	**(8,858)**	(7,774)	**(4,059)**	(4,059)
At 31 December	**516,551**	440,063	**37,735**	37,735

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

Set out below are associates of the Group as at 31 December 2015, which, in the opinion of the Directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. In the opinion of the Directors, all the other associates were individually immaterial to the Group.

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

			Group's effective interest (%)	
Name of company	**Principal activities**	**Place of incorporation**	**2015**	**2014**
Ravencroft Investments Incorporated	Investment holding	British Virgin Islands	**49.47**	49.47
New Commercial Investments Limited	Investment holding	British Virgin Islands	**49.55**	49.55

Details of associates are set out in Note 43.

	Ravencroft Investments Incorporated	New Commercial Investments Limited
	31.12.2015	**31.12.2015**
	RM'000	**RM'000**
Summarised statement of comprehensive income		
Revenue	**48,504**	**11,011**
Administrative expense	**(35,447)**	**(1,963)**
Interest income	**2,064**	**288**
Interest expense	**(4,868)**	**(2,563)**
Profit before taxation	**10,253**	**6,773**
Income tax expense	**(7,805)**	**(994)**
Net profit for the financial year	**2,448**	**5,779**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

23. Investments in associates (continued)

	Ravencroft Investments Incorporated	New Commercial Investments Limited
	31.12.2015	**31.12.2015**
	RM'000	**RM'000**
Summarised statement of financial position		
Cash and cash equivalents	**199,635**	**11,394**
Other current assets (excluding cash and cash equivalents)	**212,959**	**99,742**
Total current assets	**412,594**	**111,136**
Financial liabilities (excluding trade and other payables and provision)	**(6,350)**	**(98)**
Other current liabilities (including trade and other payables and provision)	**(248,141)**	**(87,536)**
Total current liabilities	**(254,491)**	**(87,634)**
Non-current assets	**293,896**	**112,564**
Financial liabilities (excluding trade and other payables and provision)	**(103,676)**	**(29,318)**
Total non-current liabilities	**(103,676)**	**(29,318)**
Net assets	**348,323**	**106,748**

	Ravencroft Investments Incorporated	New Commercial Investments Limited
	31.12.2014	**31.12.2014**
	RM'000	**RM'000**
Summarised statement of comprehensive income		
Revenue	47,230	10,341
Administrative expense	(24,687)	(1,685)
Interest income	3,261	265
Interest expense	(7,363)	(2,284)
Profit before taxation	18,441	6,637
Income tax expense	(6,059)	(1,079)
Net profit for the financial year	12,382	5,558

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for the financial year ended 31 December 2015
(continued)

23. Investments in associates (continued)

	Ravencroft Investments Incorporated	New Commercial Investments Limited
	31.12.2014	31.12.2014
	RM'000	RM'000
Summarised statement of financial position		
Cash and cash equivalents	143,461	11,348
Other current assets (excluding cash and cash equivalents)	184,647	83,423
Total current assets	328,108	94,771
Financial liabilities (excluding trade and other payables and provision)	(8,736)	(252)
Other current liabilities (including trade and other payables and provision)	(206,707)	(71,054)
Total current liabilities	(215,443)	(71,306)
Non-current assets	267,939	90,264
Financial liabilities (excluding trade and other payables and provision)	(88,281)	(25,051)
Total non-current liabilities	(88,281)	(25,051)
Net assets	292,323	88,678

Reconciliation of summarised financial information

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

	Ravencroft Investments Incorporated		New Commercial Investments Limited	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Net assets as at 1 January	**292,323**	278,797	**88,678**	82,859
Foreign exchange differences	**53,552**	1,144	**12,291**	261
Net profit for the financial year	**2,448**	12,382	**5,779**	5,558
Net assets as at 31 December	**348,323**	292,323	**106,748**	88,678
Interest in associates (%)	**49.47**	49.47	**49.55**	49.55
Share of net assets	**172,315**	144,612	**52,894**	43,940
Add: Consolidation adjustment	**51,572**	51,572	**7,361**	7,361
Carrying amount of interest in associates	**223,887**	196,184	**60,255**	51,301

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

23. Investments in associates (continued)

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

	Group	
	31.12.2015	31.12.2014
	RM'000	RM'000
Carrying amounts of interest in associates	**232,409**	192,578
Share of associate's profit	**37,122**	15,800
Share of associate's total comprehensive income	**37,122**	15,800

24. Investments in joint ventures

	Group	
	31.12.2015	31.12.2014
	RM'000	RM'000
At cost		
Unquoted shares outside Malaysia	**65,649**	65,649
Amounts owing by joint ventures	**363,393**	310,770
	429,042	376,419
Group's share of post-acquisition results and reserves	**2,895**	(3,314)
At 31 December	**431,937**	373,105

Set out below are joint ventures of the Group as at 31 December 2015. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

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

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2015	Group's effective interest (%) 2014
Black Pearl Limited	Property investment	Guernsey	**50.0**	50.0
Crystal Property Asia Company Ltd.	Property development and construction	Thailand	**49.0**	49.0

Details of joint ventures are set out in Note 44.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

24. Investments in joint ventures (continued)

	Black Pearl Limited	Crystal Property Asia Company Limited.
	31.12.2015	31.12.2015
	RM'000	RM'000
Summarised statement of comprehensive income		
Revenue	-	-
Administrative expense	(1,460)	(25)
Interest income	-	-
Interest expense	-	-
Loss before taxation	(1,460)	(25)
Income tax expense	-	-
Net loss for the financial year	(1,460)	(25)
Summarised statement of financial position		
Cash and cash equivalents	1,178	124
Other current assets (excluding cash and cash equivalents)	23,983	-
Total current assets	25,161	124
Other current liabilities (including trade and other payables and provision)	(759,420)	(265)
Total current liabilities	(759,420)	(265)
Non-current assets	727,392	147,035
Net (liabilities)/assets	(6,867)	146,894

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

24. Investments in joint ventures (continued)

	Black Pearl Limited	Crystal Property Asia Company Limited.
	31.12.2014	31.12.2014
	RM'000	RM'000
Summarised statement of comprehensive income		
Revenue	-	-
Administrative expense	(6,526)	(117)
Interest income	-	-
Other operating income	15	-
Interest expense	-	-
Loss before taxation	(6,511)	(117)
Income tax expense	-	-
Net loss for the financial year	(6,511)	(117)
Summarised statement of financial position		
Cash and cash equivalents	264	110
Other current assets (excluding cash and cash equivalents)	5,436	-
Total current assets	5,700	110
Other current liabilities (including trade and other payables and provision)	(633,697)	-
Total current liabilities	(633,697)	-
Non-current assets	621,540	133,695
Net (liabilities)/assets	(6,457)	133,805

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

24. Investments in joint ventures (continued)

Reconciliation of summarised financial information

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

	Black Pearl Limited	Crystal Property Asia Company Limited.	Total
	31.12.2015	31.12.2015	31.12.2015
	RM'000	RM'000	RM'000
Net (liabilities)/assets as at 1 January	(6,457)	133,805	127,348
Foreign exchange differences	1,050	13,114	14,164
Net loss for the financial year	(1,460)	(25)	(1,485)
Net (liabilities)/assets as at 31 December	(6,867)	146,894	140,027
Interest in joint ventures (%)	50.0	49.0	-
Share of net (liabilities)/assets	(3,434)	71,978	68,544
Amounts owing to corporate shareholders	363,393	-	363,393
Carrying amount of interest in joint ventures	359,959	71,978	431,937

	Black Pearl Limited	Crystal Property Asia Company Limited.	Total
	31.12.2014	31.12.2014	31.12.2014
	RM'000	RM'000	RM'000
Net assets as at 1 January	-	-	-
Acquisition during the financial year	54	133,922	133,976
Net loss for the financial year	(6,511)	(117)	(6,628)
Net (liabilities)/assets as at 31 December	(6,457)	133,805	127,348
Interest in joint ventures (%)	50.0	49.0	-
Share of net (liabilities)/assets	(3,229)	65,564	62,335
Amounts owing to corporate shareholders	310,770	-	310,770
Carrying amount of interest in joint ventures	307,541	65,564	373,105

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

25. Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Subject to income tax				
Deferred tax assets:				
Provisions	**1,548**	103	**-**	-
Deferred tax assets	**1,548**	103	**-**	-
Deferred tax liabilities:				
Property, plant and equipment and investment properties	**(176,304)**	(181,586)	**-**	-
Inventories - property development costs	**(3,098)**	(4,079)	**(237)**	(237)
Inventories - land held for property development	**(2,990)**	(2,990)	**-**	-
Others	**-**	(130)	**-**	-
Deferred tax liabilities	**(182,392)**	(188,785)	**(237)**	(237)
At 31 December	**(180,844)**	(188,682)	**(237)**	(237)

		Group		Company	
	Note	31.12.2015	31.12.2014	31.12.2015	31.12.2014
		RM'000	RM'000	RM'000	RM'000
At 1 January		**(188,682)**	(192,578)	**(237)**	(170)
Credited/(Charged) to statements of comprehensive income:	9				
Property, plant and equipment and investment properties		**4,608**	3,984	**-**	-
Inventories - property development costs		**981**	2,197	**-**	(67)
Inventories - land held for property development		**-**	(2,160)	**-**	-
Provisions and others		**2,310**	(13)	**-**	-
Unutilised tax losses		**(61)**	(112)		
		7,838	3,896	**-**	(67)
At 31 December		**(180,844)**	(188,682)	**(237)**	(237)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

25. Deferred taxation (continued)

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subject to income tax				
Deferred tax assets (before offsetting):				
Provisions and accruals	**3,406**	1,226	**-**	-
Unutilised tax losses	**13,444**	13,505	**-**	-
	16,850	14,731	**-**	-
Offsetting	**(15,302)**	(14,628)	**-**	-
Deferred tax assets (after offsetting)	**1,548**	103	**-**	-
Deferred tax liabilities (before offsetting):				
Property, plant and equipment and investment properties	**(191,606)**	(196,214)	**-**	-
Inventories - property development costs	**(3,098)**	(4,079)	**(237)**	(237)
Inventories - land held for property development	**(2,990)**	(2,990)	**-**	-
Others	**-**	(130)	**-**	-
Deferred tax liabilities	**(197,694)**	(203,413)	**(237)**	(237)
Offsetting	**15,302**	14,628	**-**	-
Deferred tax liabilities (after offsetting)	**(182,392)**	(188,785)	**(237)**	(237)

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax assets are recognised in the statements of financial position were as follows:

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deductible temporary differences	**46,585**	24,745	**10,672**	10,539
Unused tax losses	**65,205**	72,671	**-**	-
	111,790	97,416	**10,672**	10,539
Deferred tax assets not recognised at	**24%**	24%	**24%**	24%
	26,830	23,380	**2,561**	2,529

No deferred tax assets has been recognised in respect of the above deductible temporary differences and unused tax losses as it is not probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

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for the financial year ended 31 December 2015
(continued)

26. Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the Group's cash-generating units ('CGUs') that are expected to benefit from that business combination.

A summary of the goodwill allocation to the Group's CGUs is shown as follows:

	Group	
	31.12.2015	31.12.2014
	RM'000	RM'000
At 1 January/31 December	**19,164**	19,164

Goodwill recognised arose from the acquisition of 50,000,000 ordinary shares of RM1.00 each representing 50% equity interest in Great Union Properties Sdn. Bhd during the financial year ended 31 December 2012.

The Group tests goodwill for impairment annually, or more frequently if there are any indications that impairment may have arisen.

The carrying value of the goodwill was compared to the recoverable amount based on its fair value less costs to sell.

The goodwill is not sensitive to changes in the fair value less costs to sell as the Directors assessment indicated that the fair value less costs to sell, based on current market conditions and circumstances exceeded the carrying amount of the CGU. Any reasonable change in the fair value less costs to sell, will not cause a goodwill impairment.

27. Cash and bank balances

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	**902,374**	923,547	**599,196**	612,044
Cash in hand	**1,635**	4,740	**8**	10
Bank balances	**161,645**	133,301	**4,972**	7,298
	1,065,654	1,061,588	**604,176**	619,352
Less: Restricted cash	**(563,279)**	(508,516)	**(534,088)**	(480,419)
	502,375	553,072	**70,088**	138,933

The Group's and the Company's deposits with licensed banks amounting to RM534,088,000 (31.12.2014: RM480,419,000) are pledged as security for revolving credit facilities granted to subsidiary companies (Note 35(b)).

Included in the Group's deposits placed with licensed banks is an amount of RM29,192,000 (31.12.2014: RM28,097,000) which is maintained as a Debt Service Reserve Account with a facility agent to cover a minimum of 6 months interest for a Syndicated Financing Facility granted to IGB REIT (Note 35(a)).

Deposits with licensed banks of the Group and the Company as at 31 December 2015 both have an average maturity period of 56 days (31.12.2014: 59 days) and 52 days (31.12.2014: 57 days) respectively.

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

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for the financial year ended 31 December 2015
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27. Cash and bank balances (continued)

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

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	% per annum	**% per annum**	**% per annum**	**% per annum**
Deposits with licensed banks:				
Ringgit Malaysia	**3.42**	3.35	**3.36**	3.17
Australian Dollar	**-**	2.41	**-**	2.41

28. Financial assets at fair value through profit or loss

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Quoted shares/unit trust – held for trading in Malaysia	**9,889**	11,932	**317**	343

Changes in fair values of financial assets at fair value through profit or loss are recorded in the income statements. The fair value of equity securities is based on their current quoted prices in an active market.

29. Asset classified as held-for-sale

During the financial year, the Group had identified a hotel property from a subsidiary company in Kuala Lumpur to be disposed, hence the hotel property was reclassified from property, plant and equipment to non-current asset classified as held-for-sale. The movements during the financial year relating to non-current asset classified as held-for-sale are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
At 1 January	**-**	-
Transfer from property, plant and equipment (Note 18)	**35,190**	-
At 31 December	**35,190**	-

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30. Receivables and contract assets

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
(A) Trade and other receivables				
Trade receivables	**101,769**	54,124	**30,750**	12,850
Less: Provision for impairment	**(2,974)**	(4,400)	**-**	-
	98,795	49,724	**30,750**	12,850
Other receivables	**29,891**	25,464	**4,189**	10,342
Less: Provision for impairment	**(1,358)**	(3,897)	**(356)**	(356)
	28,533	21,567	**3,833**	9,986
Input tax	**3,385**	-	**-**	-
Sundry deposits	**19,838**	18,543	**2,093**	1,872
Prepayments	**12,406**	9,934	**-**	111
Accrued billing in relation to rental income	**9,463**	10,015	**-**	-
	172,420	109,783	**36,676**	24,819
(B) Contract assets in relation to:				
- property development	**25,635**	106,302	**25,446**	4,049
- construction	**-**	10,285	**-**	-
	198,055	226,370	**62,122**	28,868

The carrying amounts of trade and other receivables as at 31 December 2015 and 31 December 2014 approximated their fair values.

Credit terms of trade receivables of the Group and the Company ranged from 7 to 30 days (31.12.2014: 7 to 30 days).

As at 31 December 2015, trade receivables for the Group of RM18,763,000 (31.12.2014: RM24,291,000) and the Company of nil (31.12.2014: RM2,515,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default, have met the Group's credit approval policies and are monitored on an on-going basis.

As at 31 December 2015, included in trade receivables is an amount of RM28,143,000 (31.12.2014: RM1,615,000) being stakeholder sum for property development.

As at 31 December 2015 and 31 December 2014, all amounts in other receivables are current.

The remaining contractual billings to customers from its property development activities amounted to RM71,000,000 (2014: RM100,000,000) and will be billed progressively upon the fulfilment of contractual milestones not withstanding if control of the assets has not been transferred to the customers. The contractual billings period for property development ranges between 1 to 2 years.

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for the financial year ended 31 December 2015
(continued)

30. Receivables and contract assets (continued)

30(A) Trade and other receivables

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables past due but not impaired:				
Up to 3 months	**14,591**	19,472	**-**	2,515
Above 3 months	**4,172**	4,819	**-**	-
	18,763	24,291	**-**	2,515

As at 31 December 2015, trade and other receivables for the Group of RM4,332,000 (31.12.2014: RM8,297,000) and the Company of RM356,000 (31.12.2014: RM356,000) were impaired. The ageing of these receivables was as follows:

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Above 6 months	**4,332**	8,297	**356**	356

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

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**8,297**	8,548	**356**	356
Provision for impairment of receivables (Note 6)	**383**	1,441	**-**	-
Bad debts recovered	**(158)**	-	**-**	-
Receivables written off during the financial year as uncollectible	**(1,042)**	(795)	**-**	-
Unused amount reversed upon re-assessment of provision (Note 6)	**(3,148)**	(897)	**-**	-
At 31 December	**4,332**	8,297	**356**	356

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

The maximum exposure to credit risk as at 31 December 2015 and 31 December 2014 is the carrying value of each class of receivables mentioned above.

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(continued)

30. Receivables and contract assets (continued)

30(B) Contract assets

The contract assets and contract liabilities as at 31 December 2015 and 31 December 2014 were not impacted by significant changes in contract terms.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net carrying amount of contract assets and liabilities is analysed as follows:				
At 1 January				
- contract assets	**116,587**	50,694	**4,049**	7,725
- contract liabilities	**(5,312)**	-	**(5,312)**	-
Property development and construction revenue recognised during the financial year	**142,433**	185,422	**58,810**	25,178
Less: Provision of liquidated and ascertained damages during the financial year	**-**	(2,541)	**-**	-
	142,433	182,881	**58,810**	25,178
Less: Billings during the financial year	**(238,106)**	(122,300)	**(42,134)**	(34,166)
At 31 December	**15,602**	111,275	**15,413**	(1,263)
At 31 December				
- contract assets	**25,635**	116,587	**25,446**	4,049
- contract liabilities	**(10,033)**	(5,312)	**(10,033)**	(5,312)
	15,602	111,275	**15,413**	(1,263)

Revenue recognised in the reporting period for the Group and the Company that was included in the contract liability for property development as at 1 January 2015 is RM2,732,000 (1 January 2014: nil).

31. Amounts owing by/(to) subsidiaries

	Company	
	31.12.2015	31.12.2014
	RM'000	RM'000
Non-current		
Amounts owing by subsidiaries	**33,349**	-
Current		
Amounts owing by subsidiaries	**238,822**	295,523
Less: Provision for impairment	**(2,056)**	(2,239)
	236,766	293,284
Amounts owing to subsidiaries	**(73,244)**	(51,100)

The non-current amounts owing by subsidiaries represent advances which are unsecured and receivable between 1 - 2 years. The amounts owing by subsidiaries carries interest rate at 4.3%.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

31. Amounts owing by/(to) subsidiaries (continued)

The current amounts owing by subsidiaries represent advances which are unsecured and are receivable on demand. The amounts owing by subsidiaries are interest free (31.12.2014: interest free) except for an amount of RM228,397,000 (31.12.2014: RM270,903,000), which carries interest at a rate of between 2.77% to 8.0% (31.12.2014: 3.35% to 8.0%) per annum.

The amounts owing to subsidiaries carries interest at a rate of between 3.00% to 3.25% (31.12.2014: 3.00% to 3.25%) per annum, are unsecured and are repayable on demand.

32. Amounts owing by/(to) associates and joint ventures

	Group		**Company**	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amounts owing by associates	**31,657**	52,607	**3,635**	3,640
Less: Provision for impairment	**(3,260)**	(3,260)	**(2,965)**	(2,965)
	28,397	49,347	**670**	675
Amounts owing by joint ventures	**18,389**	4,706	**-**	-
Amounts owing to associates	**(1,717)**	(2,697)	**-**	-

The amounts owing by associates and joint ventures represent advances which are unsecured and are receivable on demand. The amounts owing by associates and joint ventures are interest free (31.12.2014: an amount of RM21,079,000 carried interest at a rate of 15% per annum).

The amounts owing to associates are interest free (31.12.2014: interest free), unsecured and are repayable on demand.

33. Cash held under Housing Development Accounts

Bank balances held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Development (Control and Licensing) Amendment Act, 2002 held at call with banks and are denominated in Ringgit Malaysia.

The weighted average effective interest rates of bank balances under Housing Development Accounts during the financial year were 2% (31.12.2014: 2%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

34. Payables and contract liabilities

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Non-current				
(A) Trade and other payables				
Deposits received from tenants	**80,077**	59,788	**-**	-
Current				
(A) Trade and other payables				
Trade payables	**132,136**	138,255	**6,413**	4,253
Output tax	**4,705**	-	**123**	-
Accruals	**114,999**	165,059	**1,573**	2,021
Other payables	**113,623**	83,164	**7,252**	4,932
Deposits received from tenants	**103,624**	105,818	**1,512**	1,475
	469,087	492,296	**16,873**	12,681
(B) Contract liabilities in relation to:				
- property development	**10,033**	5,312	**10,033**	5,312
Total current	**479,120**	497,608	**26,906**	17,993

Credit term of trade payables is 30 days (31.12.2014: 30 days). Included in trade payables of the Group is retention on contract sum of RM48,947,000 (31.12.2014: RM51,035,000). The fair value of the non-current portion of deposits received from tenants at the reporting date approximates their carrying value as the impact of discounting is not significant.

35. Borrowings

		Group		Company	
	Note	31.12.2015	31.12.2014	31.12.2015	31.12.2014
		RM'000	RM'000	RM'000	RM'000
Secured:					
Term loans	35(a)	**1,621,853**	1,592,254	**201,250**	201,218
Revolving credits	35(b)	**425,413**	443,780	**-**	-
		2,047,266	2,036,034	**201,250**	201,218
Unsecured:					
Revolving credits	35(b)	**404,267**	110,521	**50,471**	-
Total borrowings		**2,451,533**	2,146,555	**251,721**	201,218

(a) Term loans

	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Secured:				
Current	**90,489**	20,987	**51,250**	1,218
Non-current	**1,531,364**	1,571,267	**150,000**	200,000
Total term loans	**1,621,853**	1,592,254	**201,250**	201,218

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

35. Borrowings (continued)

(a) Term loans (continued)

Term loans obtained by the Group and the Company comprise of the following:

A. AmTrustee Berhad ("the Trustee"), on behalf of IGB REIT, as borrower, has obtained the Syndicated Financing Facilities ("SFF") comprising the following:

(a) A fixed rate term loan facility ("FRTL") of up to RM1,200 million; and
(b) A standby revolving credit facility of ("SBRC") of up to RM20 million.

The FRTL has a tenure of five (5) years from the date of first drawdown with an option to extend the same for a further two (2) years exercisable by the Trustee. For the first five (5) years, the FRTL bears a fixed interest rate of 4.4% (31.12.2014: 4.4%) per annum. In the event the FRTL is extended, the interest rates for the sixth and the seventh year shall be stepped up to 5.0% (31.12.2014: 5.0%) per annum.

The SBRC has tenure of seven (7) years and bears a floating interest rate of the aggregate effective costs of funds and a margin of 0.7% (31.12.2014: 0.7%) per annum.

The SFF are secured against, among others, the following:

(i) a first party assignment by the Trustee of its rights, title, interests and benefits in Mid Valley Megamall and under the sale and purchase agreement in relation to Mid Valley Megamall pursuant to the Acquisitions and all other documents evidencing the Trustee's interest in Mid Valley Megamall. In the event the subdivision of master title is completed and a separate strata title is issued for Mid Valley Megamall ("Megamall Strata Title"), a first party first legal charge shall be created by the Trustee on the Megamall Strata Title for the benefit of the syndicated lenders;

(ii) an undertaking from the Trustee and IGB REIT Management Sdn. Bhd. ("the Manager"):

(a) to deposit all cash flows generated from Mid Valley Megamall into the revenue account; and

(b) that it shall not declare or make any dividends or distributions out of the cash flow derived from Mid Valley Megamall to the unit holders if an event of default has occurred under the terms of the SFF, and is continuing and has not been waived;

(iii) a first party legal assignment and charge by the Trustee over all rights, interests, title and benefits relating to the following designated accounts:

(a) the revenue account into which the Trustee shall credit, among others, all income and insurance proceeds derived from or in relation to Mid Valley Megamall;

(b) the operating account which is to capture funds transferred from the revenue account for the purpose of managing the operating expenditure of Mid Valley Megamall; and

(c) the debt service reserve account which is to capture funds transferred from the revenue account for purposes of meeting the debt service requirement (Note 27);

(iv) a first party legal assignment by the Trustee of all the proceeds under the tenancy/lease agreements all insurance policies in relation to Mid Valley Megamall; and

B. Term Loan obtained by a subsidiary company comprised a Term Loan ("TL") of RM180 million with a tenure of five (5) years and bears a floating interest rate of the aggregate cost of funds and a margin of 1.35% (31.12.2014: 1.35%) per annum.

The TL is secured against the following:

(i) a first party charge over the hotel property of the subsidiary company (Note 18); and

(ii) debenture over assets of the subsidiary;

C. During the financial year, a subsidiary company secured a Term Loan ("TL") of RM50 million with a tenure of five (5) years and bears a floating interest rate of the aggregate cost of funds and a margin of 1.20% per annum.

The TL is secured against a lienholders' caveat over the development land included within inventory of property development costs of the subsidiary company (Note 20 (b)).

D. Term loan obtained by the Company comprise a FRTL of RM200 million (31.12.2014: RM200 million) with a tenure of ten (10) years from the date of first drawdown and bears a fixed interest rate of 5.85% (31.12.2014: 5.85%) per annum.

The FRTL is secured against the hotel property of a subsidiary (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

35. Borrowings (continued)

(a) Term loans (continued)

The maturity profile of term loans was as follows:

	Fixed interest rate						Floating interest rate					
	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000	< 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Total RM'000
Group												
At 31.12.2015												
Secured:												
Term loans	**75,271**	**50,000**	**100,000**	**1,196,364**	**-**	**-**	**15,218**	**30,000**	**10,000**	**145,000**	**-**	**1,621,853**
At 31.12.2014												
Secured:												
Term loans	15,830	50,000	1,246,267	100,000	-	-	5,157	10,000	10,000	10,000	145,000	1,592,254
Company												
At 31.12.2015												
Secured:												
Term loans	**51,250**	**50,000**	**100,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**201,250**
At 31.12.2014												
Secured:												
Term loans	1,218	50,000	50,000	100,000	-	-	-	-	-	-	-	201,218

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

35. Borrowings (continued)

(b) Revolving credits

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current:				
Secured	**425,413**	443,780	**-**	-
Unsecured	**404,267**	110,521	**50,471**	-
	829,680	554,301	**50,471**	-

The revolving credits bear a floating interest rate and, other than as disclosed in Note 35(a), are secured by way of:

(a) corporate guarantee by the Company to its subsidiaries;
(b) deposit of master title of a piece of property development cost (Note 20(b));
(c) deposits pledged with licensed banks (Note 27).

The carrying amounts and fair values of term loans and revolving credits are as follows:

	31.12.2015		31.12.2014	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Term loans	**1,621,853**	**1,529,348**	1,592,254	1,525,126
Revolving credits	**829,680**	**829,680**	554,301	554,301
	2,451,533	**2,359,028**	2,146,555	2,079,427
Company				
Term loans	**201,250**	**199,599**	201,218	200,314
Revolving credits	**50,471**	**50,471**	-	-
	251,721	**250,070**	201,218	200,314

The fair value of current borrowings approximates their carrying amount as the impact of discounting is not significant. The fair value of borrowings is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile and is within level 3 of the fair value hierarchy.

The carrying amounts of the Group's and Company's borrowings are denominated in the following currencies are as follows:

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Revolving credits				
RM	**353,619**	138,364	**50,471**	-
GBP	**397,544**	338,494	**-**	-
AUD	**78,517**	77,443	**-**	-
	829,680	554,301	**50,471**	-
Term loans				
RM	**1,621,853**	1,592,254	**201,250**	201,218
Total	**2,451,533**	2,146,555	**251,721**	201,218

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

35. Borrowings (continued)

The currency profile and weighted average effective interest rate of the term loans and revolving credits by currencies are as follows:

	Group		Company	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	% per annum	**% per annum**	**% per annum**	**% per annum**
Revolving credits				
RM	**4.29**	4.59	**4.91**	-
GBP	**1.20**	1.20	**-**	-
AUD	**3.02**	3.39	**-**	-
Term loans				
RM	**4.65**	4.64	**5.85**	5.85

36. Segment reporting – Group – By business segments

Management has determined the operating segments based on the various reports prepared for the Board of Directors that are used to make strategic decisions. During the financial year, the composition of the operating segments of the Group has been disaggregated further into five reportable segments as described below to streamline the focus of the Board of Directors in making its strategic decision across the segments effectively. This change has been adjusted for retrospectively.

The Group is organised into five main business segments:

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

Other operations of the Group mainly comprise investment holding, sale of utilities and education services; none of which are of a significant size to be reported separately.

The revenue from the respective operating segments (property development, property investment – retail, property investment – commercial, hotel and construction) includes incidental revenue generated within the respective segments that have been reclassified by their nature for presentation within the revenue note.

The amounts provided to the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

The allocated assets include all non-current and current assets except for deferred tax assets and cash and bank balances held by the respective investment holding companies as they are managed centrally by the Group.

The allocated liabilities include all non-current and current liabilities except for provisions for tax and deferred tax liabilities and general borrowings as the Group manages these funds through a centralised function.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

36. Segment reporting – Group – By business segments (continued)

The segment information provided to the Board of Directors for the reportable segments for the financial year ended 31 December 2015 is as follows:

2015	Note	Property investment - retail RM'000	Property investment - commercial RM'000	Hotel RM'000	Property development RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue								
Total revenue		**518,497**	**139,525**	**365,562**	**155,586**	**245,484**	**109,131**	**1,533,785**
Intersegment revenue		**(50,437)**	**(11,849)**	**(7,509)**	**-**	**(245,484)**	**(51,424)**	**(366,703)**
External revenue	5	**468,060**	**127,676**	**358,053**	**155,586**	**-**	**57,707**	**1,167,082**
Results								
Segment results (external)		**319,162**	**70,274**	**77,505**	**39,645**	**357**	**(12,286)**	**494,657**
Unallocated corporate expenses								**(51,990)**
Profit from operations								**442,667**
Finance income	8	**7,745**	**1,755**	**1,691**	**23,807**	**74**	**734**	**35,806**
Finance costs	8	**(63,703)**	**(6,433)**	**(15,140)**	**-**	**-**	**(6,610)**	**(91,886)**
Share of results of associates		**-**	**17,683**	**6,997**	**16,359**	**-**	**157**	**41,196**
Share of results of joint ventures		**-**	**(730)**	**-**	**(13)**	**-**	**-**	**(743)**
Profit before tax								**427,040**
Tax expense	9	**(6,042)**	**(21,243)**	**(25,202)**	**(38,318)**	**180**	**(1,830)**	**(92,455)**
Profit for the financial year								**334,585**
Other information								
Segment assets		**1,779,942**	**1,177,252**	**1,978,871**	**958,283**	**116,061**	**178,764**	**6,189,173**
Associates	23	**-**	**23,322**	**285,092**	**188,962**	**-**	**19,175**	**516,551**
Joint ventures	24	**-**	**359,959**	**-**	**71,978**	**-**	**-**	**431,937**
Unallocated assets								**606,461**
Total assets								**7,744,122**
Segment liabilities		**1,426,049**	**561,417**	**459,204**	**87,472**	**85,938**	**140,644**	**2,760,724**
Unallocated liabilities								**532,707**
Total liabilities								**3,293,431**
Capital expenditure:								
Property, plant and equipment	18	**2,667**	**54**	**131,681**	**542**	**814**	**8,860**	**144,618**
Investment properties	19	**77,317**	**101,018**	**-**	**-**	**-**	**-**	**178,335**
Depreciation:								
Property, plant and equipment	18	**2,488**	**1,169**	**79,332**	**1,575**	**45**	**7,457**	**92,066**
Investment properties	19	**28,397**	**23,409**	**-**	**-**	**-**	**-**	**51,806**
Long-term prepaid lease	21	**-**	**-**	**289**	**-**	**-**	**-**	**289**
Write-off of property plant and equipment		**198**	**-**	**8**	**-**	**-**	**105**	**311**
Reversal of impairment loss:								
- Property, plant and equipment		**-**	**-**	**7,875**	**-**	**-**	**-**	**7,875**

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for the financial year ended 31 December 2015
(continued)

36. Segment reporting – Group – By business segments (continued)

The segment information provided to the Board of Directors for the reportable segments for the financial year ended 31 December 2014 is as follows:

2014	Note	Property investment - retail RM'000	Property investment - commercial RM'000	Hotel RM'000	Property development RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue								
Total revenue		485,603	141,328	364,678	184,837	419,713	106,925	1,703,084
Intersegment revenue		(35,779)	(11,919)	(8,409)	-	(412,286)	(58,553)	(526,946)
External revenue	5	449,824	129,409	356,269	184,837	7,427	48,372	1,176,138
Results								
Segment results (external)		282,394	68,653	29,810	97,467	6,518	(5,474)	479,368
Unallocated corporate expenses								(42,964)
Profit from operations								436,404
Finance income	8	8,839	2,141	2,751	23,838	27	581	38,177
Finance costs	8	(55,554)	(4,569)	(9,610)	-	-	(4,003)	(73,736)
Share of results of associates		-	(4,741)	21,248	4,847	-	3,325	24,679
Share of results of joint ventures		-	(3,256)	-	(58)	-	-	(3,314)
Profit before tax								422,210
Tax expense	9	(9,316)	(22,313)	(26,970)	(31,037)	(1,677)	(1,817)	(93,130)
Profit for the financial year								329,080
Other information								
Segment assets		1,690,886	1,119,013	1,940,196	833,840	146,321	181,493	5,911,749
Associates	23	-	18,471	217,495	184,097	-	20,000	440,063
Joint ventures	24	-	307,541	-	65,564	-	-	373,105
Unallocated assets								674,191
Total assets								7,399,108
Segment liabilities		1,419,527	479,460	340,491	48,016	135,055	82,880	2,505,429
Unallocated liabilities								503,084
Total liabilities								3,008,513
Capital expenditure:								
Property, plant and equipment	18	2,811	47	230,024	786	93	49,942	283,703
Investment properties	19	129,489	71,691	-	-	-	-	201,180
Depreciation:								
Property, plant and equipment	18	2,116	1,439	61,594	1,597	38	3,239	70,023
Investment properties	19	27,808	23,142	-	-	-	-	50,950
Long-term prepaid lease	21	-	-	241	-	-	-	241
Write-off of property, plant and equipment		-	-	45,292	6	-	-	45,298
Impairment on property, plant and equipment		-	-	10,905	-	-	-	10,905
Reversal of impairment loss:								
- Property, plant and equipment		-	-	7,425	-	-	-	7,425
- Land held for property development		-	-	-	21,036	-	-	21,036

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for the financial year ended 31 December 2015
(continued)

37. Financial instruments by category

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Group				
31.12.2015				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	28	**9,889**	**-**	**9,889**
Trade and other receivables excluding prepayments and contract assets (including intercompany balances)		**-**	**203,415**	**203,415**
Cash held under Housing Development Accounts	33	**-**	**23,931**	**23,931**
Cash and bank balances	27	**-**	**1,065,654**	**1,065,654**
Total financial assets		**9,889**	**1,293,000**	**1,302,889**

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	35	**2,451,533**
Trade and other payables including contract liabilities (including intercompany balances)		**556,209**
Total financial liabilities		**3,007,742**

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Group				
31.12.2014				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	28	11,932	-	11,932
Trade and other receivables excluding prepayments and contract assets (including intercompany balances)		-	153,902	153,902
Cash held under Housing Development Accounts	33	-	40,500	40,500
Cash and bank balances	27	-	1,061,588	1,061,588
Total financial assets		11,932	1,255,990	1,267,922

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	35	2,146,555
Trade and other payables including contract liabilities (including intercompany balances)		560,093
Total financial liabilities		2,706,648

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

37. Financial instruments by category (continued)

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Company				
31.12.2015				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	28	**317**	**-**	**317**
Trade and other receivables excluding prepayments and contract assets (including intercompany balances)		**-**	**307,461**	**307,461**
Cash held under Housing Development Accounts	33	**-**	**1,346**	**1,346**
Cash and bank balances	27	**-**	**604,176**	**604,176**
Total financial assets		**317**	**912,983**	**913,300**

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	35	**251,721**
Trade and other payables including contract liabilities (including intercompany balances)		**100,027**
Total financial liabilities		**351,748**

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Company				
31.12.2014				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	28	343	-	343
Trade and other receivables excluding prepayments and contract assets (including intercompany balances)		-	318,667	318,667
Cash held under Housing Development Accounts	33	-	16,419	16,419
Cash and bank balances	27	-	619,352	619,352
Total financial assets		343	954,438	954,781

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	35	201,218
Trade and other payables including contract liabilities (including intercompany balances)		69,093
Total financial liabilities		270,311

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

38. Operating lease

The Group leases out its investment properties under operating leases. The future minimum lease receivable under non-cancellable lease are as follows:

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Less than one (1) year	**474,497**	450,428	**5,048**	4,316
Between one (1) year and five (5) years	**812,650**	747,912	**2,271**	3,840
	1,287,147	1,198,340	**7,319**	8,156

39. Capital commitments

Capital expenditure not provided for in the financial statements was as follows:

	Group	
	2015	2014
	RM'000	RM'000
Authorised by Directors and contracted:		
Investment property	**1,076,012**	1,249,532
Property, plant and equipment	**-**	123,234
	1,076,012	1,372,766
Authorised by Directors but not contracted:		
Investment property	**3,422**	-
Property, plant and equipment	**65,633**	48,905
	69,055	48,905

40. Significant related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions negotiated amongst the parties.

(i) Group

Other related parties	Relationship
Wasco Management Services Sdn. Bhd.	A wholly-owned subsidiary of Wah Seong Corporation Berhad, a company in which Dato' Seri Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.
Cahaya Utara Sdn. Bhd.	An associate of Wah Seong (Malaya) Trading Co. Sdn. Bhd., a company in which Dato' Seri Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.
Strass Media Sdn. Bhd.	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn. Bhd., a company in which Dato' Seri Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

40. Significant related party disclosures (continued)

(i) Group (continued)

Significant related party transactions

	2015 RM'000	**2014 RM'000**
Light boxes rental, pedestrian bridge and office rental:		
Strass Media Sdn. Bhd.	**1,584**	1,879
Management/marketing fee income:		
Cahaya Utara Sdn. Bhd.	**1,202**	1,425
Office rental income:		
Wasco Management Services Sdn. Bhd.	**1,176**	1,031

Significant related party balances:

	31.12.2015 RM'000	**31.12.2014 RM'000**
Associates:		
New Commercial Investments Limited	**25,796**	22,006
Fawkner Centre Pty Ltd	**-**	25,202
Joint venture:		
Black Pearl Limited	**18,389**	4,706

(ii) Company

Significant related party transactions:

	2015 RM'000	2014 RM'000
Interest charged to subsidiaries	**14,166**	13,664
Advances to subsidiaries	**219,743**	435,943
Repayment of advances from subsidiaries	**71,282**	488,333
Advances from subsidiaries	**260,250**	36,750
Repayment of advances to subsidiaries	**156,100**	24,322

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2015
(continued)

40. Significant related party disclosures (continued)

(ii) Company (continued)

Significant related party balances:

	31.12.2015 RM'000	31.12.2014 RM'000
Amounts owing from subsidiaries:		
Detik Harapan Sdn. Bhd.	**33,566**	69,829
IGB REIT Management Sdn. Bhd.	**33,349**	22,174
Mid Valley City Centrepoint North Sdn. Bhd.	**32,826**	33,677
Mid Valley City Centrepoint South Sdn. Bhd.	**12,369**	20,321
Mid Valley City Southpoint Sdn. Bhd.	**28,729**	457
Rapid Alpha Sdn. Bhd.	**495**	17,974
Southkey Megamall Sdn. Bhd.	**103,302**	21,309
Tank Stream Holdings Pty Ltd *(formerly known as Cititel Hotels Pty Ltd)*	**11,779**	97,401

(iii) Remuneration of key management personnel compensation for the financial year was as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, bonus and allowance	**32,080**	25,584	**14,833**	12,548
Defined contribution plan	**3,704**	2,979	**1,712**	1,470
Executives share option scheme	**7,988**	-	**6,370**	-
Other short term benefits	**345**	272	**217**	176
	44,117	28,835	**23,132**	14,194

Key management comprises management personnel having authority and responsibility for planning, directing and controlling the activities of the Group.

41. Changes in Group structure

A. Acquisition of subsidiaries during the financial year

On 11 February 2015, the Company announced to Bursa Malaysia that TTD Sdn Bhd, a wholly-owned subsidiary of Tan & Tan Developments Berhad which in turn is a wholly-owned subsidiary of the Company, had acquired the entire issued and paid-up share capital of 2 ordinary shares of RM1.00 each in a company incorporated in Malaysia known as Future Pinnacle Sdn Bhd ("FPSB") for cash consideration of RM2.00. The intended principal activity of FPSB is property development.

On 29 April 2015, the Company announced to Bursa Malaysia that it had acquired the entire issued and paid-up share capital of 2 ordinary shares of RM1.00 each in a company incorporated in Malaysia known as IGB Development Management Services Sdn Bhd ("IGBDMS") for cash consideration of RM2.00. The intended principal activity of IGBDMS is to provide development management services.

On 24 June 2015, the Company announced to Bursa Malaysia that its wholly-owned subsidiary, Ensignia Construction Sdn Bhd had formed a 70%-30% joint venture with Southkey City Sdn Bhd, known as the Ensignia Southkey City Sdn Bhd (formerly known as Aspire Odyssey Sdn Bhd), through the execution of a Shareholders Agreement dated 23 June 2015.

The effects of the acquisitions above are not material to the Group for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

41. Changes in Group structure (continued)

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

On 24 August 2015, the Company announced to Bursa Malaysia that its wholly-owned subsidiary, IGB Management Services Sdn Bhd which had ceased its business operations in December 2014 had, on 24 August 2015, been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965.

On 3 November 2015, the Company announced to Bursa Malaysia that its dormant wholly-owned subsidiary, Dian Rezki Sdn Bhd which had been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965, held its Final General Meeting on 3 November 2015 and will be dissolved on 3 February 2016.

On 18 November 2015, the Company announced to Bursa Malaysia that its dormant wholly-owned subsidiary, Intercontinental Aviation Services Sdn Bhd which had been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965, held its Final General Meeting on 18 November 2015 and will be dissolved on 18 February 2016.

The effects of these are not material to the Group.

42. Subsidiaries

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2015	Group's effective interest (%) 2014
	Abad Flora Sdn. Bhd. [1]	Property Investment	Malaysia	**100.0**	100.0
	Amandamai Dua Sdn. Bhd. [2]	Property Development	Malaysia	**100.0**	100.0
	Amandamai Satu Sdn. Bhd. [3]	Property Development	Malaysia	**100.0**	100.0
	Angkasa Gagah Sdn. Bhd. [4]	Property Development	Malaysia	**100.0**	100.0
	Arabayu Sepakat Sdn. Bhd. [5]	Property Development and Property Investment	Malaysia	**100.0**	100.0
*	Asian Equity Limited [6]	Investment Holding	British Virgin Islands	**55.0**	55.0
	Atar Deras Sdn. Bhd. [7]	Property Development	Malaysia	**100.0**	100.0
*	Auspicious Prospects Ltd. [8]	Investment Holding	Liberia	**100.0**	100.0
	Belimbing Hills Sdn. Bhd. [9]	Property Development	Malaysia	**100.0**	100.0
*	Beswell Limited [10]	Investment Holding	Hong Kong	**100.0**	100.0
	Bintang Buana Sdn. Bhd. [11]	Property Development	Malaysia	**90.0**	90.0
	Central Review (M) Sdn. Bhd. [12]	Hotelier	Malaysia	**100.0**	100.0
	Cipta Klasik (M) Sdn. Bhd. [13]	Property Development	Malaysia	**70.0**	70.0
	Cititel Hotel Management Sdn. Bhd.	Hotel Management Services	Malaysia	**60.0**	60.0
	Corpool Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Danau Bidara (M) Sdn. Bhd. [14]	Property Investment	Malaysia	**100.0**	100.0
	Detik Harapan Sdn. Bhd.	Educational Institution	Malaysia	**60.0**	60.0
	Dian Rezki Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	Dimensi Magnitud Sdn. Bhd.	Property Investment	Malaysia	**70.0**	70.0
	Distinctive Ace Sdn. Bhd. [15]	Property Investment and Property Development	Malaysia	**50.0 + 1 share**	50.0 + 1 share
	Earning Edge Sdn. Bhd. [16]	Investment Holding	Malaysia	**65.0**	65.0
	Eastwind Alliance Sdn. Bhd. [17]	Property Investment and Property Development	Malaysia	**100.0**	100.0
	Ensignia Construction Sdn. Bhd.	Building Construction	Malaysia	**100.0**	100.0
	Ensignia Southkey City Sdn Bhd [18] *(formerly known as Aspire Odyssey Sdn Bhd)*	Building Construction	Malaysia	**70.0**	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

42. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2015	2014
	Future Pinnacle Sdn. Bhd. [19]	Property Development	Malaysia	**100.0**	-
*	Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	**100.0**	100.0
	Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Harta Villa Sdn. Bhd. [20]	Property Development	Malaysia	**100.0**	100.0
	ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Idaman Spektra Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	IGB Development Management Services Sdn Bhd	Project Management Services	Malaysia	**100.0**	-
	IGB International School Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	IGB International Ventures Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	IGB Management Services Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	**100.0**	100.0
	IGB Properties Sdn. Bhd.	Property Investment and Management	Malaysia	**100.0**	100.0
	IGB REIT Management Sdn. Bhd.	Management of Real Estate Investment Trust	Malaysia	**100.0**	100.0
	IGB Real Estate Investment Trust. [21]	Real Estate Investment Trust	Malaysia	**52.0**	51.7
	Innovation & Concept Development Co. Sdn. Bhd. [22]	Property Development	Malaysia	**100.0**	100.0
	Intercontinental Aviation Services Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	IST Building Products Sdn. Bhd.	Trading of Building Materials	Malaysia	**100.0**	100.0
	IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Kemas Muhibbah Sdn. Bhd. [23]	Property Development	Malaysia	**100.0**	100.0
	KennyVale Sdn. Bhd. [24]	Property Development	Malaysia	**100.0**	100.0
	Kondoservis Sdn. Bhd. [25]	Management Services	Malaysia	**100.0**	100.0
	KrisAssets Holdings Berhad *(Under members' voluntary liquidation)*	Dormant	Malaysia	**63.5**	63.5
	Lagenda Sutera (M) Sdn. Bhd. [26]	Hotelier	Malaysia	**100.0**	100.0
*	Lingame Company Limited	Investment Holding	Hong Kong	**100.0**	100.0
	Majestic Path Sdn. Bhd. [27]	Investment Holding	Malaysia	**100.0**	100.0
	Megan Prestasi Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
*	MiCasa Hotel Limited [28]	Hotelier	Myanmar	**65.0**	65.0
	Mid Valley City Sdn. Bhd.	Management Services/ Service Provider	Malaysia	**100.0**	100.0
	Mid Valley City Developments Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Mid Valley City Energy Sdn. Bhd.	Selling and Distribution of Utilities	Malaysia	**100.0**	100.0
	Mid Valley City Enterprise Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Mid Valley City Gardens Sdn. Bhd.	Management Services/ Service Provider	Malaysia	**100.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

42. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2015	2014
	Mid Valley City Hotels Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Mid Valley City North Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Property Services Sdn. Bhd. [29]	Building and Maintenance Services	Malaysia	**100.0**	100.0
	Mid Valley City South Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Southpoint Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Murni Properties Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint North Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint South Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC CyberManager Sdn. Bhd.	MSC cybercentre at Mid Valley City	Malaysia	**100.0**	100.0
	MVEC Exhibition and Event Services Sdn. Bhd.	Exhibition Services	Malaysia	**100.0**	100.0
	Nova Pesona Sdn. Bhd. [30]	Property Development	Malaysia	**100.0**	100.0
	OPT Ventures Sdn. Bhd. [31]	Property Development and Investment	Malaysia	**70.0**	70.0
	Outline Avenue (M) Sdn. Bhd. [32]	Property Development	Malaysia	**89.6**	89.6
	Pacific Land Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
*	Pacific Land Pte. Ltd. [33]	Investment Holding	Singapore	**100.0**	100.0
	Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Pekeliling Land Sdn. Bhd.	Property Holding	Malaysia	**100.0**	100.0
	Pekeliling Property Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	Penang Garden Sdn. Bhd.	Property Development and Investment	Malaysia	**100.0**	100.0
	Permata Efektif (M) Sdn. Bhd. [34]	Property Development	Malaysia	**100.0**	100.0
	Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
	Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Primanah Property Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Puncak Megah (M) Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Rapid Alpha Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Reka Handal Sdn. Bhd. [35]	Property Development	Malaysia	**75.0**	75.0
	Riraiance Enterprise Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Salient Glory City Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Southkey Megamall Sdn. Bhd.	Property Investment	Malaysia	**70.0**	70.0
*	St Giles Hotels (Asia) Limited [36]	Hotel Management Services	Labuan	**60.0**	60.0
	Tanah Permata Sdn. Bhd. [37]	Hotelier	Malaysia	**100.0**	100.0
	Tan & Tan Developments Berhad	Property Development, Project Management Services and Investment Holding	Malaysia	**100.0**	100.0
	Tan & Tan Realty Sdn. Bhd. 38	Property Investment and Food Court Operator	Malaysia	**80.0**	80.0

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

42. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2015	2014
*	Tank Stream Holdings Pty Ltd [39] *(formerly known as Cititel Hotels Pty Ltd)*	Investment Holding	Australia	**100.0**	100.0
	The Gardens Theatre Sdn. Bhd.	Lease auditorium space for performing arts	Malaysia	**100.0**	100.0
	TTD Sdn. Bhd. [40]	Hotelier	Malaysia	**100.0**	100.0
	Verokey Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
*	Wilmer Link Limited [41]	Investment Holding	British Virgin Islands	**58.0**	58.0
	X-Speed Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0

Notes:

1-5, 7, 9, 11-14, 17, 20, 24-25, 30-32, 34-35, 38, 40	*- Held by Tan & Tan Developments Berhad.*
6	*- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 35.0% and 20.0% respectively.*
8	*- Held by Lingame Company Limited.*
10, 26-27, 33, 37	*- Held by Pacific Land Sdn. Bhd.*
15	*- Held by Megan Prestasi Sdn. Bhd.*
16	*- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.*
18	*- Held by Ensignia Construction Sdn Bhd*
19	*- Held by TTD Sdn Bhd*
21	*- Held by IGB REIT Management Sdn. Bhd. and IGB 2.1% and 49.9% respectively.*
22	*- Held by ICDC Holdings Sdn. Bhd.*
23	*- Held by IGB Project Management Services Sdn. Bhd.*
28	*- Held by Earning Edge Sdn. Bhd.*
29	*- Held by Mid Valley City Developments Sdn. Bhd.*
36	*- Held by Cititel Hotel Management Sdn. Bhd.*
39	*- Held by Pacific Land Sdn. Bhd. and IGB 19.6% and 80.4% respectively.*
41	*- Held by IGB International Ventures Sdn Bhd.*

* *Companies audited by firms other than PricewaterhouseCoopers Malaysia.*

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(continued)

43. Associates

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2015	2014
*	Aroma Laundry & Dry Cleaners Sdn. Bhd. [1] *(Under members' voluntary liquidation)*	Dormant	Malaysia	**20.0**	20.0
*	DMV Sdn. Bhd. [2]	Property Development	Malaysia	**38.5**	38.5
*	Fawkner Centre Pty. Ltd. [3]	Property Investment	Australia	**39.0**	39.0
	Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [4] *(Under members' voluntary liquidation)*	Dormant	Malaysia	**30.0**	30.0
	Hampshire Properties Sdn. Bhd. [5]	Property Development and Property Investment	Malaysia	**50.0**	50.0
*	Harmony Streams Sdn Bhd. [6]	Sierramas Clubhouse	Malaysia	**49.0**	-
*	Hilltop International Success Inc [7]	Purchasing/Leasing of Aircrafts	British Virgin Islands	**49.5**	49.5
*	Hicom Tan & Tan Sdn. Bhd. [8]	Property Development	Malaysia	**50.0**	50.0
	Johan Kekal Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**50.0**	50.0
	Jutanis Sdn. Bhd. [9]	Property Development	Malaysia	**45.0**	45.0
	Kumpulan Sierramas (M) Sdn. Bhd. [10]	Property Development	Malaysia	**50.0**	50.0
	Kundang Properties Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
*	Merchant Firm Ltd [11]	Investment Holding	British Virgin Islands	**49.5**	49.5
*	New Commercial Investments Limited [12]	Investment Holding	British Virgin Islands	**49.6**	49.6
	Orion Corridor Sdn. Bhd. [13]	Leasing of Aircrafts	Malaysia	**24.7**	24.7
*	Pacific Land Co., Limited [14]	Investment Holding	Thailand	**48.9**	48.9
	Permata Alasan (M) Sdn. Bhd. [15]	Property Development and Property Investment	Malaysia	**50.0**	50.0
*	Ravencroft Investments Incorporated [16]	Investment Holding	British Virgin Islands	**49.5**	49.5
*	Sierramas Landscape Services Sdn. Bhd. [17] *(Under members' voluntary liquidation)*	Dormant	Malaysia	**50.0**	50.0
*	St Giles Hotel [18]	Construction and Hotel Management	Republic of Congo	**49.5**	49.5
*	St Giles Hotels, Inc [19]	Hotelier	United States of America	**49.5**	49.5
*	St Giles Hotel Limited. [20]	Hotelier	United Kingdom	**49.5**	49.5
*	St Giles Hotel LLC [21]	Hotelier	United States of America	**49.5**	49.5
*	St Giles Hotel (Heathrow) Limited. [22]	Hotelier	United Kingdom	**49.6**	49.6
*	St Giles Hotel (Manila) Inc [23]	Hotelier	Philippines	**49.5**	49.5
*	Technoltic Engineering Sdn. Bhd.	Servicing, Maintenance and Installation of Elevators	Malaysia	**40.0**	40.0
*	Tentang Emas Sdn. Bhd. [24]	Investment Holding	Malaysia	**49.0**	49.0

NOTES TO THE FINANCIAL STATEMENTS

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(continued)

43. Associates (continued)

Notes:

1, 3-5,8-10,15, 24	*- Held by Tan & Tan Developments Berhad.*
2	*- Held by Tan & Tan Developments Berhad and IGB Corporation Berhad 25.63% and 12.82% respectively.*
6	*- Held by Kumpulan Sierramas Sdn Bhd*
11	*- Held by Ravencroft Investments Incorporated.*
14	*- Held by Pacific Land Sdn. Bhd.*
12, 22	*- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.*
7, 13, 18, 23	*- Held by Merchant Firm Ltd.*
16, 20	*- Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd. 27.72%, 7.65% and 14.11% respectively.*
17	*- Held by Kumpulan Sierramas (M) Sdn. Bhd.*
19	*- Held by St Giles Hotel Limited.*
21	*- Held by St Giles Hotels, Inc.*

* *Companies audited by firms other than PricewaterhouseCoopers Malaysia.*

44. Joint Ventures

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2015	Group's effective interest (%) 2014
* Black Pearl Limited [1]	Property Investment	Guernsey	**50.0**	50.0
* Blackfriars Limited [2]	Property Investment	Guernsey	**50.0**	50.0
* Crystal Property Asia Company Limited [3]	Property Development and Construction	Thailand	**49.0**	49.0

Notes:

1	*- Held by Verokey Sdn. Bhd.*
2	*- Held by Black Pearl Limited.*
3	*- Held by Majestic Path Sdn. Bhd.*

* *Companies audited by firms other than PricewaterhouseCoopers Malaysia.*

45. Cash and cash equivalents

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

		Group		Company	
	Note	31.12.2015	31.12.2014	31.12.2015	31.12.2014
		RM'000	RM'000	RM'000	RM'000
Deposit with licensed banks	27	**902,374**	923,547	**599,196**	612,044
Cash in hand	27	**1,635**	4,740	**8**	10
Bank balances	27	**161,645**	133,301	**4,972**	7,298
Cash held under Housing Development Accounts	33	**23,931**	40,500	**1,346**	16,419
		1,089,585	1,102,088	**605,522**	635,771
Less: Restricted cash	27	**(563,279)**	(508,516)	**(534,088)**	(480,419)
		526,306	593,572	**71,434**	155,352

46. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 26 April 2016.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2015
(continued)

47. Disclosure of realised and unrealised retained profits/(accumulated losses)

The following analysis is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Securities' Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Securities.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained profits:				
Realised	**3,755,922**	3,783,021	**4,423,488**	4,318,472
Unrealised	**(160,763)**	(185,362)	**1,433**	(478)
	3,595,159	3,597,659	**4,424,921**	4,317,994
Total retained profits of associates and joint ventures:				
Realised	**249,115**	217,134	**-**	-
Unrealised	**301**	119	**-**	-
	249,416	217,253	**-**	-
Less: Consolidation adjustments	**(333,062)**	(303,896)	**-**	-
Total retained profits	**3,511,513**	3,511,016	**4,424,921**	4,317,994

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

We, Dato' Seri Robert Tan Chung Meng and Tan Kai Seng, being two of the Directors of IGB Corporation Berhad, state that, in our opinion, the financial statements set out on pages 43 to 131 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2015 and of the results and cash flows of the Group and the Company for the financial year ended on that date, in accordance with Malaysian Financial Reporting Standards, International Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 47 on page 132 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Directors dated 26 April 2016.

Dato' Seri Robert Tan Chung Meng
Group Managing Director

Tan Kai Seng
Director

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

I, Chai Lai Sim, the Officer primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 132 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Chai Lai Sim

Subscribed and solemnly declared by the abovenamed Chai Lai Sim at Kuala Lumpur on 26 April 2016.

Before me:

Mohan A.S. Maniam (No. W521)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of IGB Corporation Berhad
(incorporated in malaysia) (Company No. 5745-A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IGB Corporation Berhad on pages 43 to 131 which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 46.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the Members of IGB Corporation Berhad
(incorporated in malaysia) (Company No. 5745-A)
(continued)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 47 on page 132 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SHIRLEY GOH
(No. 1778/08/16 (J))
Chartered Accountant

Kuala Lumpur
26 April 2016

NOTICE OF FIFTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN of the Fifty-Second Annual General Meeting ("52nd AGM") of IGB Corporation Berhad ("IGB" or "Company") to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on Tuesday, 24 May 2016 at 3.00 p.m. to transact the following business:

AGENDA

Ordinary Business

1. To receive Audited Financial Statements for the year ended 31 December 2015 together with Reports of Directors and Auditors thereon ("Reports and Financial Statements FY2015").

2. To re-elect/re-appoint retiring Directors:

    (a) Dato' Seri Robert Tan Chung Meng ***(Resolution 1)***
    (b) Tony Tan @ Choon Keat ***(Resolution 2)***
    (c) Tan Kai Seng ***(Resolution 3)***
    (d) Tan Sri Abu Talib bin Othman ***(Resolution 4)***
    (e) Yeoh Chong Swee ***(Resolution 5)***

3. To re-appoint PricewaterhouseCoopers ("PwC") as Auditor and to authorise Directors to fix their remuneration. ***(Resolution 6)***

Special Business

4. To consider and, if thought fit, to pass the following ordinary resolutions:

    (a) Proposed authority for IGB to purchase and/or hold not more than ten per cent (10%) of its issued and paid-up share capital

    "THAT subject to the Companies Act, 1965 ("Act"), IGB's Articles of Association ("Articles") and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company be and is hereby authorised to purchase and/or hold from time to time and at any time such amount of ordinary shares of RM0.50 each in IGB ("Share Buy-Back Mandate") provided that:

    (i) the aggregate number of shares purchased and/or held by IGB at any point of time pursuant to the Share Buy-Back Mandate shall not exceed 10% of the issued and paid-up share capital of IGB;
    (ii) the maximum amount of funds to be allocated by IGB pursuant to the Share Buy-Back Mandate shall not exceed the retained earnings and/or share premium of IGB as at 31 December 2015; and
    (iii) the shares so purchased by IGB pursuant to the Share Buy-Back Mandate to be cancelled and/or retained in treasury for distribution as dividends and/or resold on the market of Bursa Securities;

    AND THAT the Share Buy-Back Mandate, unless revoked or varied by IGB in general meeting, shall continue in force until the next Annual General Meeting ("AGM") of IGB or the date by which the next AGM of IGB is required by law to be held, whichever is earlier;

    AND THAT Directors be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interest of IGB to give effect to the Share Buy-Back Mandate." ***(Resolution 7)***

    (b) Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

    "THAT IGB and/or its subsidiaries ("IGB Group") be and is/are hereby authorised to enter into all arrangements and/or transactions involving the interests of Related Parties as specified in Part B, Section 2.2.1 of the Circular to Shareholders dated 29 April 2016 ("Circular"), provided that such arrangements and/or transactions are:

    (i) recurrent transactions of a revenue or trading nature;
    (ii) necessary for IGB Group's day-to-day operations;
    (iii) carried out in the ordinary course of business on normal commercial terms not more favourable to Related Parties than those generally available to the public; and
    (iv) not detrimental to the minority shareholders of IGB

    ("RRPT Mandate");

AND THAT the RRPT Mandate, unless revoked or varied by IGB in general meeting, shall continue in force until the next AGM of IGB or the date by which the next AGM of IGB is required by law to be held, whichever is earlier;

AND THAT Directors be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interest of IGB to give effect to the RRPT Mandate." ***(Resolution 8)***

5. To consider any other business of which due notice shall have been given in accordance with the Act and the Articles.

By Order of the Board

Tina Chan
Company Secretary

Kuala Lumpur
29 April 2016

Explanatory Notes of each item on Agenda:

(1) Reports and Financial Statements FY2015

This item provides shareholders with an opportunity to ask questions concerning IGB's Reports and Financial Statements FY2015, and IGB Group's performance generally. There is no requirement for shareholders to approve these reports.

(2) Re-election/Re-appointment of Directors

An annual assessment of the effectiveness of each Director (including the independence of Independent Directors) had been undertaken. The justifications of the Board for recommending and supporting Resolutions 1 to 5 inclusive for their continuing in office as Directors are set out in Annual Report 2015 under the heading "Governance Report".

The following five Directors, all of whom are due to retire at 52nd AGM, and being eligible, had offered themselves for re-election/re-appointment.

(a) Article 86 of the Articles requires every Director to submit himself for re-election at least once every three years (3-year term), and reflects the provision of paragraph 7.26 of the MMLR.

Dato' Seri Robert Tan Chung Meng, who joined IGB Board in May 2001, is the Group Managing Director ("Group MD") and a member of Executive Committee ("Exco"), Remuneration Committee ("RC"), Risk Management Committee ("RMC") and Share Committee ("SC"). Having been re-elected in 2013, he is obliged to retire from office. His retirement pursuant to Article 86 will also satisfy the obligation under Article 85 of the Articles for one-third of Directors to retire from office by rotation each year (1/3-rotation rule).

(b) Tony Tan @ Choon Keat, who joined IGB Board in July 2003, is a Non-Independent Non-Executive Director ("Non-INED") and a member of Audit Committee ("AC") since 2007. Having been re-elected in 2013, he is obliged to retire from office. His retirement pursuant to Article 86 will also satisfy the obligation under Article 85 of the Articles.

(c) Tan Kai Seng, who joined IGB Board in July 2003, is an Independent Non-Executive Director ("INED") and a member of AC since 2003 before appointed AC Chairman in May 2010. Having been re-elected in 2013, he is obliged to retire from office. His retirement is pursuant to Article 86 of the Articles and Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG") to continue to act as INED until IGB's AGM in 2017.

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

Tan Sri Abu Talib bin Othman, who joined IGB Board in July 1995, is an INED and the Chairman of the Board, RC and Nomination Committee ("NC"), and a member of AC since 2011. His re-appointment is pursuant to Section 129(6) of the Act and Recommendation 3.3 of the MCCG to continue to act as INED until IGB's AGM in 2017.

(e) Yeoh Chong Swee, who joined IGB Board in June 2004, is an INED and a member of AC, NC and RC since 2004. His re-appointment is pursuant to Section 129(6) of the Act and Recommendation 3.3 of the MCCG to continue to act as INED until IGB's AGM in 2017.

Pauline Tan Suat Ming, a Non-INED, has attained the age of 70 years in July 2015 after the last 51st AGM held on 22 May 2015. Pauline Tan Suat Ming has expressed her intention not to seek re-appointment pursuant to Section 129(6) of the Act. Hence, she will retain office until close of 52nd AGM.

Biographical details for each of the Directors offering themselves for re-election/re-appointment are set out in Annual Report 2015 under the heading "Board of Directors". Any Director referred to in Resolutions 1 to 5, who is a shareholder of IGB will abstain from voting on the resolution in respect of his re-election/re-appointment at 52nd AGM.

(3) Re-appointment of Auditor

The appointment of PwC as external auditor terminates at the conclusion of 52nd AGM. AC had assessed the effectiveness of the work of PwC, and the Board's concurrence had been sought for their re-appointment as auditor for the financial year ending 31 December 2016. Resolution 7 proposes the reappointment of the firm as IGB's independent external auditor until IGB's AGM in 2017.

(4) Share Buy-Back Mandate

Resolution 7 is to approve, effective until IGB's AGM in 2017, the Share Buy-Back Mandate. The details of the proposal are set out in Part A of the Circular which is sent together with Annual Report 2015.

(5) RRPT Mandate

Resolution 8 is to renew, effective until IGB's AGM in 2017, the RRPT Mandate. The details of the proposal are set out in Part B of the Circular which is sent together with Annual Report 2015.

Notes to Shareholders:

(1) Appointment of proxy

(a) A member is entitled to appoint one or two proxies (none of whom need be a member of IGB).
(b) A member, who is an authorised nominee, may appoint not more than two proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple proxies in respect of each securities account held.
(c) A member who appoints a proxy must execute Proxy Form, and if two proxies are appointed, specify the percentage and number of votes each proxy is appointed to exercise.
(d) A corporate member who appoints a proxy must execute Proxy Form under seal or the hand of its officer or attorney duly authorised.
(e) Only members registered in Record of Depositors as at 13 May 2016 shall be eligible to attend and vote at 52nd AGM or appoint a proxy to attend and vote on his behalf.
(f) The executed Proxy Form must be deposited at the office of IGB's registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not later than 3.00 p.m. on 22 May 2016 (being 48 hours before the commencement of 52nd AGM).
(g) IGB shall have the right to reject Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on Proxy Form.
(h) Annual Report 2015 and Circular are available on IGB's website www.igbcorp.com, which shareholders can view or download at their convenience.

(2) Registration of members/proxies

(a) Registration will start at 1.00 p.m. on the day of 52nd AGM.
(b) Members/proxies are required to produce identification documents for registration, and parking tickets for validation (only applicable for parking at Mid Valley Megamall and The Gardens Mall; no reimbursement parking charges at anywhere else).
(c) Members/proxies will be given wrist tags upon registration. No person will be allowed to enter the meeting room without the wrist tag. There will be no replacement in the event members/proxies lose or misplace the wrist tags.
(d) The registration counters will only handle verification of identities and registration. Other queries/clarification, please proceed to Help Desk counter.

(3) Enquiry

For enquiry regarding 52nd AGM, please contact the following persons during office hours:

(a) Shareholders' enquiries: Tina Chan, Senior General Manager (Company Secretarial) - 603-2289 8989/corporate-enquiry@igbcorp.com; Lim Lay Kiow, Senior Manager - 603-2783 9232/Lay.Kiow.Lim@my.tricorglobal.com
(b) Investor relations: Terence Yeoh, Senior General Manager (Corporate & Legal Affairs)/Tan Chai Toong, Senior Group General Manager (Finance & Administration) - 603-2289 8886/8830/corporate-enquiry@igbcorp.com
(c) CD-ROM assistance: Ching Kar Heng, General Manager (Group IT)/Chai Voon Chung, Senior IT Executive - 603-2289 8910/8884

IGB Corporation Berhad (5745-A)

PROXY FORM

CDS Account Number

**CDS Account Number of Authorised Nominee

Number of Shares Held

*I/We (name as per Identification/Certificate of Incorporation) ______________________________

Identification/Company Number ______________________________

of (address) ______________________________

being a member of IGB, hereby appoint:

First Proxy

Full Name		Proportion of Shareholdings Represented	
		Number of Shares	Percentage
Identification Number			
Address			

*and/or

Second Proxy

Full Name		Proportion of Shareholdings Represented	
		Number of Shares	Percentage
Identification Number			
Address			

or, both of whom failing, *the Chairman of 52nd AGM as *my/our proxy to attend and vote on *my/our behalf, as indicated below, at 52nd AGM of IGB to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on Tuesday, 24 May 2016, at 3.00 p.m. and at any adjournment thereof.

No.	***Resolutions	For	Against	Abstain
1	Re-election of Dato' Seri Robert Tan Chung Meng as Director			
2	Re-election of Tony Tan @ Choon Keat as Director			
3	Re-election of Tan Kai Seng as Independent Director			
4	Re-appointment of Tan Sri Abu Talib bin Othman as Independent Director			
5	Re-appointment of Yeoh Chong Swee as Independent Director			
6	Re-appointment of PricewaterhouseCoopers as Auditor			
7	Share Buy-Back Mandate			
8	RRPT Mandate			

* Delete as appropriate
** Applicable to shares through a nominee account
*** Ticking the appropriate box with an "x" alongside each Resolution

Dated this ____________ day of __________________ 2016

____
Signature/Common Seal of Member

Notes:
(a) A member is entitled to appoint one or two proxies (none of whom need be a member of IGB).
(b) A member, who is an authorised nominee, may appoint not more than two proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple proxies in respect of each securities account held.
(c) A member who appoints a proxy must execute Proxy Form, and if two proxies are appointed, specify the percentage and number of votes each proxy is appointed to exercise.
(d) A corporate member who appoints a proxy must execute Proxy Form under seal or the hand of its officer or attorney duly authorised.
(e) Only members registered in Record of Depositors as at 13 May 2016 shall be eligible to attend and vote at 52nd AGM or appoint a proxy to attend and vote on his behalf.
(f) The executed Proxy Form must be deposited at the office of IGB's registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not later than 3.00 p.m. on 22 May 2016 (being 48 hours before the commencement of 52nd AGM).
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(h) Annual Report 2015 and Circular are available on IGB's website www.igbcorp.com, which shareholders can view or download at their convenience.

Fold this flap for sealing

Fold along this line (2)

PROXY FORM

AFFIX
RM0.80
STAMP

IGB's Registrar
Tricor Investor & Issuing House Services Sdn Bhd (11342-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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www.igbcorp.com

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