

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL**8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS****8.1.1 Promoters' and substantial shareholders' shareholdings**

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

Name	Country of incorporation / Nationality	Before IPO ⁽¹⁾			After IPO ⁽²⁾		
		Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Promoters and substantial shareholders							
Apexjaya	Malaysia	194,834,200	-	45.50	(3)181,371,400	-	33.88
Lim Ooi Joo	Malaysian	47,638,050	(4)194,834,200	11.12	47,638,050	(4)181,371,400	8.90
Teo Hock Choon	Malaysian	47,102,850	-	11.00	47,102,850	-	8.80
Ahmad Bin Awi	Malaysian	67,442,600	-	15.75	67,842,600	-	12.68
Substantial shareholders							
Kok Chin Seow	Malaysian	-	(4)194,834,200	-	-	(4)181,371,400	33.88
Lim Boon Han	Malaysian	-	(4)194,834,200	-	-	(4)181,371,400	33.88
Yap Yoon Kong ⁽⁵⁾	Malaysian	37,468,100	-	8.75	(5)24,167,900	-	4.52

Notes:

- (1) Based on the share capital of 428,207,200 Shares after the Acquisition of IBSB, the issuance of 80 new Shares to Lim Ooi Joo and Teo Hock Choon; and the subsequent transfer of the 20 subscriber shares in IBGB to Lim Ooi Joo and Teo Hock Choon.
- (2) Based on the enlarged share capital of 535,259,000 Shares after the IPO.
- (3) After the Offer for Sale.
- (4) Deemed interested by virtue of their shareholdings in Apexjaya pursuant to Section 8 of the Act.
- (5) After the Offer for Sale, Yap Yoon Kong will cease to be our substantial shareholder.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.1.2 Profiles of Promoters and substantial shareholders**

The profiles of our Promoters and substantial shareholders are as follows:

(a) Apexjaya

Apexjaya was incorporated in Malaysia on 4 May 1988 under the Companies Act, 1965 as a private limited company under the name Perusahaan Kayu Kayan Kepong Sdn Bhd. The company subsequently adopted its present name on 14 July 1992. Apexjaya is principally involved in the manufacturing and trading of sawn timber, door and window frame, timber flush as well as fire door.

As at the LPD, the share capital of Apexjaya is RM2,115,009 comprising 2,115,009 shares which have been issued and are fully paid-up. As at the LPD, the Directors and substantial shareholders of Apexjaya are as follows:

Directors	Direct			Indirect		
	Name	No. of shares	%	No. of shares	%	%
	Lim Ooi Joo	597,162	28.23	-	-	-
	Teo Hock Choon	211,501	10.00	-	-	-
	Wong Thim Fatt	105,750	5.00	-	-	-
Substantial shareholders	Country of incorporation / Nationality	Direct	%	Indirect	%	%
		No. of shares		No. of shares		
	Malaysian	597,162	28.23	-	-	-
	Malaysian	500,000	23.64	-	-	-
	Malaysian	325,596	15.40	-	-	-
	Hong Kong	250,000	11.82	-	-	-
	Malaysian	211,501	10.00	-	-	-
	Malaysian	125,000	5.91	-	-	-
	Malaysian	105,750	5.00	-	-	-
		2,115,009	100.00			

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**Notes:**

- (1) The shareholders of Gilspeed Limited are Summer Breeze Holdings Corporation and Lim Boon Leong. The shareholders of Summer Breeze Holdings Corporation are Lim Soon Tiong, Lim Mun Har, Lim Boon Leong and Lim Boon Kian. Lim Soon Tiong is the brother of Lim Ooi Joo whilst Lim Mun Har, Lim Boon Leong and Lim Boon Kian are the niece and nephews of Lim Ooi Joo, our Promoter, substantial shareholder and Managing Director. The profiles of Gilspeed Limited and Summer Breeze Holdings Corporation are as follows:

(a) Gilspeed Limited

Gilspeed Limited was incorporated in Hong Kong on 28 November 1980 as a private limited company. Gilspeed Limited's principal activity is investment holding. As at the LPD, Gilspeed Limited has a share capital of HKD1,300,000.00 divided into 1,300,000 ordinary shares of HKD1.00 each, all of which have been issued and are fully paid-up.

The Directors in Gilspeed Limited are as follows:

Directors	Direct		Indirect	
	Name	Nationality	No. of shares	%
Lim Boon Kian	Hong Kong	-	(1)1,299,999	99.99
Lim Boon Leong	Malaysian ⁽²⁾	1	(1)1,299,999	99.99
Lim Mun Har	Hong Kong	-	(1)1,299,999	99.99
Lim Soon Tiong	Malaysian ⁽²⁾	-	(1)1,299,999	99.99

Notes:

- (1) Deemed interested by virtue of their shareholdings in Summer Breeze Holdings Corporation pursuant to Section 8 of the Act.
- (2) They are also Hong Kong permanent residents.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

The shareholders of Gilspeed Limited are as follows:

Shareholders		Country of incorporation / Nationality	Direct		Indirect	
Name			No. of shares	%	No. of shares	%
Summer Breeze Holdings Corporation ^(a)	British Virgin Island		1,299,999	99.99	-	-
Lim Boon Leong	Malaysian ⁽²⁾		1	negligible	⁽¹⁾ 1,299,999	99.99
Total			1,300,000	100.00		

Notes:

- (1) Deemed interested by virtue of their shareholdings in Summer Breeze Holdings Corporation pursuant to Section 8 of the Act.
- (2) He is also a Hong Kong permanent resident.

(b) Summer Breeze Holdings Corporation

Summer Breeze Holdings Corporation was incorporated on 4 July 1996 in the British Virgin Islands. Summer Breeze Holdings Corporation's principal activity is investment holding. As at the LPD, Summer Breeze Holdings Corporation has a share capital of USD100.00 comprising 100 shares which have been issued and are fully paid-up.

The Directors in Summer Breeze Holdings Corporation are as follows:

Directors		Direct		Indirect	
Name	Nationality	No. of shares	%	No. of shares	%
Lim Boon Kian	Hong Kong	25	25.00	-	-
Lim Boon Leong	Malaysian ⁽¹⁾	25	25.00	-	-
Lim Soon Tiong	Malaysian ⁽¹⁾	31	31.00	-	-

Note:

- (1) They are also Hong Kong permanent residents.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

The shareholders of Summer Breeze Holdings Corporation are as follows:

Shareholders Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Lim Soon Tiong	Malaysian ⁽¹⁾	31	31.00	-	-
Lim Mun Har	Hong Kong	19	19.00	-	-
Lim Boon Leong	Malaysian ⁽¹⁾	25	25.00	-	-
Lim Boon Kian	Hong Kong	25	25.00	-	-
Total		100	100.00		

Note:

⁽¹⁾ They are also Hong Kong permanent residents.

⁽²⁾ Lim Poh Yim is the sister of Lim Ooi Joo, our Promoter, substantial shareholder and Managing Director.

(b) Lim Ooi Joo

Lim Ooi Joo, a Promoter and substantial shareholder, is also our Managing Director. His profile is disclosed in Section 8.2.2 of this Prospectus.

(c) Teo Hock Choon

Teo Hock Choon, a Promoter and substantial shareholder, is also our Deputy Managing Director. His profile is disclosed in Section 8.2.2 of this Prospectus.

(d) Ahmad Bin Awi

Ahmad Bin Awi, a Promoter and substantial shareholder, is also our Executive Director. His profile is disclosed in Section 8.2.2 of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

(e) Kok Chin Seow

Kok Chin Seow, aged 62 is our substantial shareholder, by virtue of her indirect interest held through her 23.64% shareholdings in Apexjaya. She is the wife of Mr Lim Ee Pai, deceased brother of Lim Ooi Joo. Kok Chin Seow is a homemaker. Save for her passive shareholdings in Apexjaya, she does not participate in the business of Apexjaya nor our Group.

(f) Lim Boon Han

Lim Boon Han, aged 45 is our substantial shareholder, by virtue of his indirect interest held through his 15.39% shareholdings in Apexjaya. He is the son of Mr Lim Ah Tang @ Lim Teong Ee, deceased brother of Lim Ooi Joo. Lim Boon Han is attached with Ericsson (Malaysia) Sdn Bhd as a Principal Engagement Manager in the sales and marketing segment where his role is the sales of mobile broadband solutions and services to mobile network operators. Save for his passive shareholdings in Apexjaya, he does not participate in the business of Apexjaya nor our Group.

(g) Yap Yoon Kong

Yap Yoon Kong, is our substantial shareholder and Senior Independent Non-Executive Director. His profile is disclosed in Section 8.2.2 of this Prospectus.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.1.3 Changes in the Promoters' and substantial shareholders' shareholdings**

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation on 11 March 2015 are as follows:

Promoters/Substantial Shareholders	⁽¹⁾ As at incorporation				⁽²⁾ After the Acquisition of IBSB				⁽⁵⁾ After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan See Hau	1	50.0	-	-	-	-	-	-	-	-	-	-
Hiew Xue Qing	1	50.0	-	-	-	-	-	-	-	-	-	-
Apexjaya	-	-	194,834,200	45.50	-	-	181,371,400	33.88	-	-	-	-
Lim Ooi Joo	-	-	47,638,050	11.12	⁽³⁾ 194,834,200	45.50	47,638,050	8.90	⁽³⁾ 181,371,400	33.88	-	-
Teo Hock Choon	-	-	47,102,850	11.00	-	-	47,102,850	8.80	-	-	-	-
Ahmad Bin Awi	-	-	67,442,600	15.75	-	-	67,442,600	12.68	-	-	-	-
Kok Chin Seow	-	-	-	-	⁽³⁾ 194,834,200	45.50	-	-	⁽³⁾ 181,371,400	33.88	-	-
Lim Boon Han	-	-	-	-	⁽³⁾ 194,834,200	45.50	-	-	⁽³⁾ 181,371,400	33.88	-	-
Yap Yoon Kong ⁽⁴⁾	-	-	37,468,100	8.75	-	-	24,167,900	4.52	-	-	-	-

Notes:

- ⁽¹⁾ The 2 subscriber shares of RM1.00 each then were subsequently subdivided into 20 shares of RM0.10 each on 31 May 2016.
- ⁽²⁾ Based on the share capital of 428,207,200 Shares after the Acquisition of IBSB, the issuance of 80 new Shares to Lim Ooi Joo and Teo Hock Choon; and the subsequent transfer of the 20 subscriber shares in IBGB to Lim Ooi Joo and Teo Hock Choon.
- ⁽³⁾ Deemed interested by virtue of their shareholdings in Apexjaya pursuant to Section 8 of the Act.
- ⁽⁴⁾ After the Offer for Sale, Yap Yoon Kong will cease to be our substantial shareholder.
- ⁽⁵⁾ Based on the enlarged share capital of 535,259,000 Shares after the IPO.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.1.4 Persons exercising control over the corporation**

Save for our Promoters, namely Apexjaya, Lim Ooi Joo, Teo Hock Choon and Ahmad Bin Awi, we are not aware of any other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

8.2 DIRECTORS**8.2.1 Directors' shareholdings**

The shareholdings of our Directors in our Company before and after our IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO ⁽¹⁾			After IPO ⁽²⁾		
		Direct No. of Shares	Indirect No. of Shares	%	Direct (4) No. of Shares	Indirect No. of Shares	%
Lim Pang Kiam	Independent Non- Executive Chairman/ Malaysian	-	-	-	2,000,000	-	0.37
Lim Ooi Joo	Managing Director / Malaysian	47,638,050	(5)194,834,200	45.50	47,638,050	(3)181,371,400	33.88
Teo Hock Choon	Deputy Managing Director / Malaysian	47,102,850	-	11.00	47,102,850	-	8.80
Ahmad Bin Awi	Executive Director / Malaysian	67,442,600	-	15.75	67,842,600	-	12.68

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Designation/ Nationality	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	(4) No. of Shares	%	No. of Shares	%
Chau Yik Mun	Executive Director / Malaysian	12,311,000	2.88	-	-	12,911,000	2.41	-	-
Yap Yoon Kong	Senior Independent Non-Executive Director/ Malaysian	37,468,100	8.75	-	-	(3)24,167,900	4.52	-	-
Dato' Sia Thian Sang	Independent Non- Executive Director / Malaysian	-	-	-	-	2,000,000	0.37	-	-

Notes:

- (1) Based on the share capital of 428,207,200 Shares after the Acquisition of IBSB, the issuance of 80 new Shares to Lim Ooi Joo and Teo Hock Choon; and the subsequent transfer of the 20 subscriber shares in IBGB to Lim Ooi Joo and Teo Hock Choon.
- (2) Based on the enlarged share capital of 535,259,000 Shares after the IPO.
- (3) After the Offer for Sale.
- (4) Assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.
- (5) Deemed interested by virtue of his shareholdings in Apexjaya pursuant to Section 8 of the Act.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.2.2 Profiles of directors

The profiles of our Directors are as follows:

Lim Pang Kiam

Lim Pang Kiam, a Malaysian, aged 54, is our Independent Non-Executive Chairman. He was appointed to our Board on 15 April 2016, and is also a member of our Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee.

He obtained a Bachelor of Science (Honours) in Housing, Building and Planning and a Master of Science in Planning from Universiti Sains Malaysia in 1988 and 1989 respectively.

In 2002, he was certified as Financial Planner by the Financial Planning Association of Malaysia. He is also a Credit Risk Management specialist. He obtained his chartered membership as a Certified Risk Professional from the Bank Administration Institute for Certification in USA in 2003. He is also a member of the Asian Institute of Chartered Bankers (formerly known as Institute of Bankers Malaysia) since 1999 and was transited to an associate of the Asian Institute of Chartered Bankers in 2015 following the transformation of Institute of Bankers Malaysia into Asian Institute of Chartered Bankers.

He began his career when he joined BHL Bank Berhad as a Credit Officer in 1989. He was later promoted to Branch Manager in 1991 and he left BHL Bank Berhad in 1999 as the Branch Manager to join United Overseas Bank (Malaysia) Berhad as Vice President of Business Banking till 2002. He then joined AFFIN Bank Berhad as Head of Corporate Banking from 2002 to 2004.

He ventured into the corporate sector when he joined SYF Resources Berhad in 2004 as Executive Director, a position he held until 2008. He was also an Independent Director of Pantai Holdings Berhad from 2004 to 2005. He joined Atrium REIT Managers Sdn Bhd from 2009 to 2010 as Executive Director and Chief Executive Officer. Subsequently he joined LCL Corporation Sdn Bhd as the Chief Executive Officer, a position he held until 2011. In 2010, he also co-founded PNL Business Services Sdn Bhd together with his business partners. However during his initial years in PNL Business Services Sdn Bhd, he was not involved in its business operations. In 2012, he focused on managing PNL Business Services Sdn Bhd on a full time basis as the Executive Director where he was responsible for the day-to-day operations of the company. Currently, he is still the Executive Director of PNL Business Services Sdn Bhd.

In 2013, he became the Independent Non-Executive Director of YKGI Holdings Berhad and was subsequently redesignated to the Independent Non-Executive Chairman in 2014. He was the Independent Non-Executive Director of Kinsteel Berhad from 2014 to 2015.

He presently holds directorship in a number of private limited companies.

Lim Ooi Joo

Lim Ooi Joo, a Malaysian, aged 64, is our Managing Director. He was appointed to our Board on 15 April 2016. He has been spearheading the business growth of our Group since 1988. He is responsible for providing strategic corporate direction and overseeing all the business operations of our Group. He is also in charge of our Group's business development together with Teo Hock Choon and Ahmad Bin Awi to bring in new clients for our Group. He also sits on our internal advisory panel which consists of himself, Teo Hock Choon, Ahmad bin Awi, Chau Yik Mun and Teo Koh You. The internal advisory committee is in charge of overseeing the award of contracts to subcontractors for the projects undertaken by our Group and making decisions on tender participation and purchase of machinery and equipment.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

He is also the Chairman of our Risk Management Committee and a member of our Remuneration Committee. He graduated with a Bachelor of Science in Civil Engineering in 1979 from the University of Saskatchewan, Canada. He has been a member of The Institution of Engineers Malaysia since 1986.

Todate, Lim Ooi Joo has spent his entire career in the local construction industry. He is considered an industry veteran with more than 30 years of working experience. After graduation, he started his career in 1980 as an Assistant Resident Engineer with the Public Works Department under the Ministry of Works Malaysia, during which he was responsible for the supervision and monitoring of the foundation construction of several substructures in Klang and Kuala Terengganu. He left public service as the Assistant Resident Engineer to join Syarikat Manong Sdn Bhd in 1983 as a Site Agent with his last position there being Planning and Costing Engineer. After a five-year stint there, he decided to participate in his family business in 1988 by joining IBSB (then known as Sungai Muhibah Sdn Bhd) where he is responsible to manage the overall operations and business growth of IBSB.

He presently also holds directorship in a number of private limited companies.

Teo Hock Choon

Teo Hock Choon, a Malaysian, aged 59, is our Deputy Managing Director. He was appointed to our Board on 15 April 2016. His main responsibility is to assist our Managing Director in the strategic planning of our Group. He is one of the key members of our business development team together with Lim Ooi Joo and Ahmad Bin Awi and has been actively seeking new business for our Group. He ensures the smooth functioning of our Contract Department that is headed by our Contract Manager, Foong Jyi Chyuan. He is responsible for supervising the day-to-day management of our business operations which includes overseeing the entire tender process for all our projects and making sure that appropriate cost estimates are applied for our bids. He also sits on our internal advisory panel which consists of himself, Lim Ooi Joo, Ahmad bin Awi, Chau Yik Mun and Teo Koh You. The internal advisory committee is in charge of overseeing the award of contracts to subcontractors for the projects undertaken by our Group and making decisions on tender participation and purchase of machinery and equipment. He is also a member of our Remuneration Committee and Risk Management Committee.

He obtained his Diploma in Technology (Building) from Tunku Abdul Rahman College in 1982. He is considered an industry veteran having accumulated more than 30 years of experience in the construction industry. He started his career in 1982 at Dindings Consolidated Sdn Bhd as a Project Coordinator where he was responsible to supervise the construction projects. He left the company in 1986 as the Project Coordinator to join Megaria Sdn Bhd as a Director where he was in charge of overseeing small scale construction projects and renovations, and was attached to the company until 1990. He became Director of Autron Sdn Bhd in 1990 where he manages the construction and property development projects and left the company in 1995. In late 1995, he joined IBSB as Executive Director, a position which he continues to hold as at todote. Since joining IBSB, his responsibilities include assisting our Managing Director in the strategic planning of our Group as described in the paragraph above.

He presently also holds directorship in a number of private limited companies.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Ahmad Bin Awi

Ahmad Bin Awi, a Malaysian, aged 47, is our Executive Director. He was appointed to our Board on 15 April 2016. One of his main responsibilities is as liaison personnel, particularly with the local authorities, whereby he communicates directly with various government departments such as the Immigration Department of Malaysia and Jabatan Kesihatan dan Keselamatan Pekerjaan ("JKKP"). He is also involved in business development as he has established working relationships with clients within the industry over the years and these have enabled him to help secure contracts for our Group.

He completed his vocational education in 1991 at Institut Latihan Perindustrian Kuantan (formerly known as Institut Latihan Perindustrian Sultan Ahmad Shah). With his background in occupational health and safety, he is also responsible for supervising all matters pertaining to work site safety within our Group.

He has 16 years of experience in the field of safety practices in the construction industry. He began his career as a Tower Crane Coordinator for Kemas Construction Berhad in 1991 and was attached to the company until 1994. He subsequently joined Amseal Engineering Sdn Bhd as a Tower Crane Coordinator in 1994 and left the company in 1995 to join PJ Development Holdings Berhad as a Tower Crane Operator. He left PJ Development Holdings Berhad in 1997 to join IBSB (then known as PJD Builders Sdn Bhd) also as a Tower Crane Operator.

In IBSB, he was subsequently promoted to Safety Officer in 2000 where he was responsible for all aspects of occupational safety and health issues of the company. Thereafter his roles and responsibilities in IBSB expanded to include dealings with the regulatory departments, ie Immigration Department of Malaysia on matters involving foreign worker permit approvals, dealings with JKPP for registration and approvals for our projects and dealings with local councils in applying permits for hoarding, temporary building or excess working time for our projects. He was later promoted to Executive Director in 2010 and as our Executive Director, he is not only responsible for being the liaison personnel with the local authorities, he is also in charge of business development together with Lim Ooi Joo and Teo Hock Choon to bring in new clients for our Group..He also sits on our internal advisory panel which consists of himself, Lim Ooi Joo, Teo Hock Choon, Chau Yik Mun and Teo Koh You. The internal advisory committee is in charge of overseeing the award of contracts to subcontractors for the projects undertaken by our Group and making decisions on tender participation and purchase of machinery and equipment.

Chau Yik Mun

Chau Yik Mun, a Malaysian, aged 44, is our Executive Director. He was appointed to our Board on 15 April 2016. He is responsible for overseeing all construction projects undertaken by our Group.

He graduated with a Bachelor of Engineering (Civil) from the Universiti Teknologi Malaysia in 2002 and also holds a Diploma in Civil Engineering from Politeknik Port Dickson, which he obtained in 1996. He has more than 20 years of site supervisory, civil engineering and managerial experience in the construction industry particularly on building construction.

In 1995, he began his career with APG Geo-Systems Sdn Bhd as Site Supervisor. He left APG Geo-Systems Sdn Bhd in December 1995 and subsequently furthered his education in January 1996. Upon completion of his diploma studies in December 1996, he joined Sang Yong Engineering & Construction Co Ltd also as Site Supervisor from December 1996 till 1998.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

He then joined Suteraplex Sdn Bhd in 1998 as a Senior Site Supervisor while pursuing his undergraduate studies on a part time basis. He left Suteraplex Sdn Bhd in 1999 to join IBSB (then known as PJD Builders Sdn Bhd) as a Senior Site Supervisor. Within IBSB, he was subsequently promoted to Assistant Site Agent in 2001, Site Engineer in 2002, Assistant Project Manager in 2005, Project Manager in 2007, Project Director in 2009 where he was responsible for a single project and Director (Project) in 2015 where he was responsible for overseeing all projects in our Group. He also sits on our internal advisory panel which consists of himself, Lim Ooi Joo, Teo Hock Choon, Ahmad bin Awi and Teo Koh You. The internal advisory committee is in charge of overseeing the award of contracts to subcontractors for the projects undertaken by our Group and making decisions on tender participation and purchase of machinery and equipment.

Yap Yoon Kong

Yap Yoon Kong, a Malaysian, aged 60, is our Senior Independent Non-Executive Director. He was appointed to our Board on 15 April 2016, and is also the Chairman of our Audit Committee and Remuneration Committee. He is also a member of our Nomination Committee and Risk Management Committee.

He graduated with a Bachelor of Accounting (Honours) from University of Malaya in 1982 and obtained a Master of Business Administration from The Cranfield Institute of Technology, UK in 1993. He is a member and a Chartered Accountant of the Malaysian Institute of Accountants since 1987 and 2001 respectively. He is also a member of the Asian Institute of Chartered Bankers (formerly known as Institute of Bankers Malaysia) since 1998.

He began his career as an Officer in United Malayan Banking Corporation Berhad in 1982, and was attached to the bank until 1984. He left United Malayan Banking Corporation Berhad as an Officer and joined Diners Club (Malaysia) Sdn Bhd in 1984 as an Accountant, and subsequently left to join Southern Bank Berhad as Credit Officer in 1985. After a five-year stint with the bank with his position as Deputy Manager, he joined Asian Pac Holdings Berhad (formerly known as Pegi Malaysia Berhad) as Corporate Planner in 1990 and was promoted to Financial Controller in 1993. He was attached to the company until 1994, with his final position there as Financial Controller. In 1994, he joined Eastern & Oriental Bhd as Financial Controller, a position he held until 1996. He joined PJ Development Holdings Berhad in 1996 as Group Financial Controller, and was promoted to Executive Director of the company in 2006 and was later re-designated to Non-Independent Non-Executive Director in 2016, a position he has held until now.

He presently also holds directorship in a number of private limited companies.

Dato' Sia Thian Sang

Dato' Sia Thian Sang, a Malaysian, aged 55, is our Independent Non-Executive Director. He was appointed to our Board on 15 April 2016, and is also the Chairman of our Nomination Committee. He is also a member of our Audit Committee, Remuneration Committee and Risk Management Committee.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

He graduated from the University of Malaya in 1986 with a Bachelor of Law (Honours) and was called to the Malaysian Bar in 1987. He began his career in 1987 as a Legal Assistant with Messrs Hamzah Sulaiman & Partners (formerly known as Messrs Hamzah Abu Samah & Partners). After a five year stint with the firm, he joined Messrs Khaled Mutang Chan & Lim in 1992 as a Partner, and thereafter became the Managing Partner of the firm in 1995 to date. He specialises in property conveyancing, banking finance and land joint ventures matters. In February 2016, he was appointed as a member of the Advocates & Solicitors Disciplinary Committee Panel pursuant to Section 96 of the Legal Profession Act 1976 for a period of 2 years.

He is also an Executive Director in Business & Mortgage Consultants Sdn Bhd where he was responsible to manage the daily operations of the company prior to the company becoming inactive.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.2.3 Principal business performed outside our Group**

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

- **Lim Pang Kiam**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Present involvement						
Pedoman Pesaka Sdn Bhd	Property investment	Executive Director/ Shareholder	17 June 2013	-	33.33%	-
PNL Land Sdn Bhd	Property investment	Executive Director	3 August 2009	-	-	32.00% ⁽²⁾
PNL Business Services Sdn Bhd	Financial and management consultancy services and investment holding	Executive Director/ Shareholder	1 October 2010	-	32.00%	-
Westfield Holdings Sdn Bhd	Property investment	Executive Director	22 May 2015	-	-	-
PNL Capital Sdn Bhd (formerly known as Symphony Builders Sdn Bhd)	Property investment	Executive Director	10 November 2011	-	-	32.00% ⁽³⁾
Tian An Trading Sdn Bhd	General trading of Japanese and Korean food products	Shareholder	-	-	33.33%	-
Midas Parade Sdn Bhd	Property development	Executive Director/ Shareholder	18 April 2012	-	25.00%	-
Antara Hijau Sdn Bhd	Property investment	Executive Director/ Shareholder	19 September 2011	-	40.00%	-
PNL Venture Sdn Bhd	Property investment	Executive Director/ Shareholder	23 April 2010	-	33.33%	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Subang Industry Park Sdn Bhd	Property investment	Executive Director	10 November 2011	-	-	32.00% ⁽³⁾
Westfield Ventures Sdn Bhd	Property investment	Executive Director	12 March 2012	-	-	16.00% ⁽²⁾
PNL Trading Sdn Bhd	General trading and investment holding	Executive Director/ Shareholder	1 October 2010	-	32.00%	-
YKGI Holdings Bhd ⁽¹⁾	Manufacture and sale of galvanised and coated steel, products, pickled and oiled hot rolled coils and cold rolled coils	Independent Non-Executive Chairman/ Shareholder	3 January 2013	-	0.06%	-
Warna Kencana Sdn Bhd	Property investment	Executive Director/ Shareholder	26 October 2015	29 April 2016	33.33%	-
Urban Fiesta Sdn Bhd	Property investment	Executive Director/ Shareholder	4 December 2015	29 April 2016	33.33%	-
Cloverchip Sdn Bhd	Property investment	Executive Director/ Shareholder	4 December 2015	29 April 2016	33.33%	-
Asas Bumiraya Sdn Bhd	Rice trader	Executive Director/ Shareholder	15 April 2013	29 April 2016	40.00%	-
Era Pelita Sdn Bhd	Property investment	Executive Director/ Shareholder	1 October 2015	29 April 2016	33.33%	-
Arrowtune Sdn Bhd	Property investment	Executive Director/ Shareholder	27 May 2013	29 April 2016	33.33%	-
Rising Salute Sdn Bhd	Export and import of goods	Executive Director / Shareholder	12 December 2016	-	33.33%	-
Rentas Simfoni Sdn Bhd ⁽⁴⁾	Property investment	Executive Director/ Shareholder	2 March 2016	29 April 2016	50.00%	-
Cocapi Sdn Bhd ⁽⁴⁾	General trading	Executive Director/ Shareholder	5 May 2016	31 May 2016	45.00%	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Past involvement</u>						
Eurofront Equity Sdn Bhd	Property investment	Executive Director	5 February 2014	29 April 2016	-	-
Faber Green Sdn Bhd	Property investment	Executive Director	6 December 2010	29 April 2016	-	32.00% ⁽³⁾
Natural Ideas Sdn Bhd	Property investment	Executive Director	5 March 2013	29 April 2016	-	32.00% ⁽²⁾
Kinsteel Berhad	Manufacturing & trading of steel products	Independent Non-Executive Director	11 July 2014	23 June 2015	-	-
Segi Warna Sdn Bhd	Property investment	Executive Director	19 September 2011	28 March 2012	-	-
Starshine Holdings Sdn Bhd	Property investment	Executive Director	28 March 2011	19 December 2012	-	-

Notes:

- (1) Lim Pang Kiam was appointed as the Independent Non-Executive Director on 3 January 2013. He was subsequently been re-designated as the Independent Non- Executive Chairman in YKGI Holdings Berhad on 2 January 2014.
- (2) Deemed interested by virtue of his shareholdings in PNL Business Services Sdn Bhd pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of his shareholdings in PNL Trading Sdn Bhd pursuant to Section 8 of the Act.
- (4) Striking off in process.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- **Lim Ooi Joo**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Present involvement						
Inta Development	Property development	Non-Executive Director/ Shareholder	15 July 1992	2 June 2016	13.41%	-
Apexjaya Marketing Sdn Bhd	Property investment	Non-Executive Director/ Shareholder	26 July 1992	2 June 2016	26.85%	-
Kaiser Foods (Malaysia) Sdn Bhd	Supply of all kinds of juices and general trading	Non-Executive Director/ Shareholder	18 October 2004	-	0.01%	-
Vista Capital Sdn Bhd	Dormant. There are currently no future plans for it	Non-Executive Director / Shareholder	10 July 1992	-	28.23%	-
Apexjaya	Manufacturing and trading of sawn timber, door and window frame, timber flush as well as fire door	Non-Executive Director/ Shareholder	4 May 1988	-	28.23%	-
Apexjaya Properties Sdn Bhd	Dormant, previous principal activity was property development	Non-Executive Director/ Shareholder	16 August 2004	2 June 2016	5.00%	40.00% ⁽¹⁾
Kidvisions Sdn Bhd	Trading in toys and stationery	Non-Executive Director	22 April 1993	-	-	40.00% ⁽¹⁾
Global Marketing Ventures Sdn Bhd	Manufacturing of diapers	Non-Executive Director	22 August 2005	-	-	33.79% ⁽¹⁾

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Past involvement</u>						
Astana Dinamik (M) Sdn Bhd	Dormant, previous principal activity was property investment	Non-Executive Director	10 February 1993	19 March 2015	-	-
Syarikat Dutamax Sdn Bhd	Property investment	Non-Executive Director	8 August 2005	19 March 2015	-	-
Apexjaya Engineering & Construction Sdn Bhd	Dormant, previously principal activity was construction	Non-Executive Director	1 March 2013	19 March 2015	-	-
Mahligai Abadi Sdn Bhd	Property development	Non-Executive Director	30 March 2006	2 June 2016	-	45.27% ⁽¹⁾

Note:

⁽¹⁾ Deemed interested by virtue of his shareholdings in Apexjaya pursuant to Section 8 of the Act.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- Teo Hock Choon

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
Inta Development	Property development	Non-Executive Director/ Shareholder	27 August 2001	2 June 2016	9.49%	-
Apexjaya	Manufacturing and trading of sawn timber, door and window frame, timber flush as well as fire door	Non-Executive Director/ Shareholder	22 December 1995	-	10.00%	-
Apexjaya Properties Sdn Bhd	Dormant, previous principal activity was property development	Shareholder	-	-	5.00%	-
Autron Consolidated Sdn Bhd ⁽¹⁾	Construction and property development	Shareholder	-	-	2.80%	-
<u>Past involvement</u>						
Megaria Sdn Bhd ⁽²⁾	Small scale construction	Executive Director/ Shareholder	12 June 1986	-	20.00%	-
Mahligai Abadi Sdn Bhd	Property development	Non-Executive Director	30 March 2006	2 June 2016	-	-

Notes:

⁽¹⁾ Striking off in process.

⁽²⁾ Megaria Sdn Bhd was dissolved on 21 October 2011 pursuant to Section 308(4) of the Companies Act, 1965.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- Ahmad bin Awi

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
Apexjaya Marketing Sdn Bhd	Property Investment	Non-Executive Director/ Shareholder	1 September 2009	2 June 2016	60.40%	-
Apexjaya Sdn Bhd	Trading of doors and building materials	Non-Executive Director/ Shareholder	5 November 2009	-	51.00%	-
Apexjaya Properties Sdn Bhd	Dormant, previous principal activity was property development	Non-Executive Director/ Shareholder	11 July 2005	2 June 2016	5.00%	-
Winning Entity Sdn Bhd ⁽¹⁾	Property investment of plantation land	Non-Executive Director/ Shareholder	11 May 2005	-	9.00%	-
<u>Past involvement</u>						
Syarikat Dutamax Sdn Bhd	Property investment	Non-Executive Director	3 October 2005	19 March 2015	-	-
Apexjaya Engineering & Construction Sdn Bhd	Dormant, previously principal activity was construction	Non-Executive Director	17 May 2004	19 March 2015	-	-
Syarat Masyhur Sdn Bhd ⁽²⁾	General trading	Non-Executive Director	19 September 2007	-	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Merit Corridor Sdn Bhd ⁽²⁾	General trading	Non-Executive Director	19 September 2007	-	-	-

Notes:

- (1) Striking off in process.
- (2) These companies were dissolved on 21 October 2011 pursuant to Section 308(4) of the Companies Act, 1965.

- **Yap Yoon Kong**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
Present involvement						
PJ Development Holdings Berhad ⁽¹⁾	Investment holding, property investment and provision of management services to its subsidiaries	Non-Independent Non-Executive Director	13 January 2016	-	-	-
Jasmin Villa Development Sdn Bhd	Property development	Non-Executive Director	26 March 2004	-	-	-
Cendana Olimpik Sdn Bhd	Property investment	Non-Executive Director/ Shareholder	21 June 2013	-	20.00%	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
PJDC International Sdn Bhd ⁽²⁾	Investment holding of subsidiaries involving in construction outside of Malaysia. The construction project was completed in Bangkok, Thailand and the company has ceased operations	Non-Executive Director	15 July 2004	-	-	-
<u>Past involvement</u>						
Aco Built System Sdn Bhd ⁽²⁾	Installation of concrete wall panels	Non-Executive Director	10 July 2002	11 April 2016	-	-
Acotec Sdn Bhd ⁽²⁾	Manufacturing and sale of concrete wall panels and trading of building materials	Non-Executive Director	9 August 1999	11 April 2016	-	-
Acotec-Concrete Products Sdn Bhd ⁽²⁾	Property investment and rental services	Non-Executive Director	8 September 1999	11 April 2016	-	-
Eframe Sdn Bhd ⁽²⁾	Software consultancy, product development and maintenance services	Non-Executive Director	2 July 2001	11 April 2016	-	-
Eframe Solutions Sdn Bhd ⁽²⁾	Software consultancy, product development and maintenance services	Non-Executive Director	6 November 2007	11 April 2016	-	-
Harbour Place Management Services Sdn Bhd ⁽²⁾	Provision of property management services	Non-Executive Director	30 May 2005	11 April 2016	-	-
HTR Management Services Sdn Bhd ⁽²⁾	Provision of property management services	Non-Executive Director	19 January 2005	11 April 2016	-	-
OCC Cables Berhad ⁽²⁾	Investment holding of subsidiaries involving in manufacturing cables	Non-Executive Director	1 October 2009	11 April 2016	-	-
Olympic Cable Company Sdn Bhd ⁽²⁾	Manufacturing and sales of cables and wires	Non-Executive Director	10 April 2007	11 April 2016	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
OVI Cables (Vietnam) Co. Ltd	Manufacturing and sales of cables and wires	Non-Executive Director	26 October 2006	11 April 2016	-	-
Pengerang Jaya Pte Ltd	Investment holding company	Non-Executive Director	15 March 2000	9 May 2016	-	-
PJ Equity Sdn Bhd ⁽²⁾	Investment holding company	Non-Executive Director	9 August 1999	11 April 2016	-	-
PJ EXIM Sdn Bhd ⁽²⁾	Trading of cable products	Non-Executive Director	9 August 1999	11 April 2016	-	-
PJD Central Sdn Bhd ⁽²⁾	Property development and investment	Non-Executive Director	14 February 2004	11 April 2016	-	-
PJD Concrete Land (JB) Sdn Bhd ⁽²⁾	Dormant, with property development as its intended principal activity	Non-Executive Director	9 August 1999	11 April 2016	-	-
PJD Concrete Land (South) Sdn Bhd	Property investment	Non-Executive Director	9 August 1999	11 April 2016	-	-
PJD Construction Sdn Bhd ⁽²⁾	Securing and carrying out construction contracts	Non-Executive Director	9 August 1999	11 April 2016	-	-
PJD Eastern Land Sdn Bhd ⁽²⁾	Property development and investment	Non-Executive Director	1 October 2004	11 April 2016	-	-
PJD Hartamas Sdn Bhd ⁽²⁾	Property development and investment	Non-Executive Director	14 June 2006	11 April 2016	-	-
PJD Highland Resort Sdn Bhd ⁽²⁾	Property development	Non-Executive Director	29 June 1999	11 April 2016	-	-
PJD Hotels Sdn Bhd ⁽²⁾	Investment holding and hotel and restaurant business	Non-Executive Director	9 August 1999	11 April 2016	-	-
PJD Land Sdn Bhd ⁽²⁾	Leasing of office cum commercial building	Non-Executive Director	30 September 2004	11 April 2016	-	-
PJD Properties Management Sdn Bhd ⁽²⁾	Provision of property management services	Non-Executive Director	1 October 2004	11 April 2016	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
PJD Realty Sdn Bhd ⁽²⁾	Property development	Non-Executive Director	1 October 2004	11 April 2016	-	-
PJD Regency Sdn Bhd ⁽²⁾	Property development	Non-Executive Director	1 October 2004	11 April 2016	-	-
PJD Sejahtera Sdn Bhd ⁽²⁾	Property development	Non-Executive Director	22 November 2006	11 April 2016	-	-
PKM Management Services Sdn Bhd ⁽²⁾	Provision of property management services	Non-Executive Director	9 August 1999	11 April 2016	-	-
Putri Kulai Sdn Bhd ⁽²⁾	Property investment	Non-Executive Director	29 June 1999	11 April 2016	-	-
Superville Sdn Bhd ⁽²⁾	Property development	Non-Executive Director	9 August 1999	11 April 2016	-	-
Swiss-Garden Hotel Management Sdn Bhd ⁽²⁾	Hotel management and consultancy services	Non-Executive Director	9 August 1999	11 April 2016	-	-
SIGI Vacation Club Berhad (formerly known as Swiss Garden International Vacation Club Berhad) ⁽²⁾	Operational and management of timeshare membership scheme	Non-Executive Director	9 August 1999	11 April 2016	-	-

Notes:

⁽¹⁾ Yap Yoon Kong was appointed as the Executive Director on 13 January 2006. He was subsequently re-designated as the Non-Independent Non-Executive Director on 1 March 2016.

⁽²⁾ Subsidiary of PJ Development Holdings Berhad.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- Dato' Sia Thian Sang

Company	Principal activities	Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
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Present involvement

Business & Mortgage Consultants Sdn Bhd	Inactive, previously involved in offering business and financial services	Executive Director	21 January 2009	-	-	-
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Past involvement

Paradigma Seleksi Sdn Bhd	Dormant, with property investment as its intended principal activity	Non-Executive Director	6 January 2011	18 April 2012	-	-
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The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

In order to mitigate any possible conflict of interest situation, our Directors will declare to our Nomination Committee and our Board their interests in other companies on the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then evaluate if such Director's involvement give rise to a potential conflict of interest with our Group's business. When a determination has been made that there is a conflict of interest of a Director, our Nomination Committee will:

- (a) Immediately inform our Board of the conflict of interest situation;
- (b) Make recommendations to our Board to direct the conflicted Director to:
 - (i) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

In relation to (b) above, the conflicted Director shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

It is the Director's fiduciary duty to avoid conflict. Our Directors are required to attend courses which provide guidelines to them on their fiduciary duties.

In relation to matters or transactions requiring the approval of our Board, the relevant Directors who are deemed interested or conflicted in such matters or transactions shall be required to declare their interests and abstain from deliberations and voting on the resolutions relating to these matters or transactions.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.2.4 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYEs 2016 and 2017 are as follows:

Director	Remuneration band (in bands of RM50,000)	
	FYE 2016	Proposed for FYE 2017
	RM	RM
Lim Pang Kiam	-	< 50,000
Lim Ooi Joo	400,000 - 450,000	450,000 - 500,000
Teo Hock Choon	350,000 - 400,000	400,000 - 450,000
Ahmad Bin Awi	100,000 - 150,000	100,000 - 150,000
Chau Yik Mun	300,000 - 350,000	350,000 - 400,000
Yap Yoon Kong	-	< 50,000
Dato' Sia Thian Sang	-	< 50,000

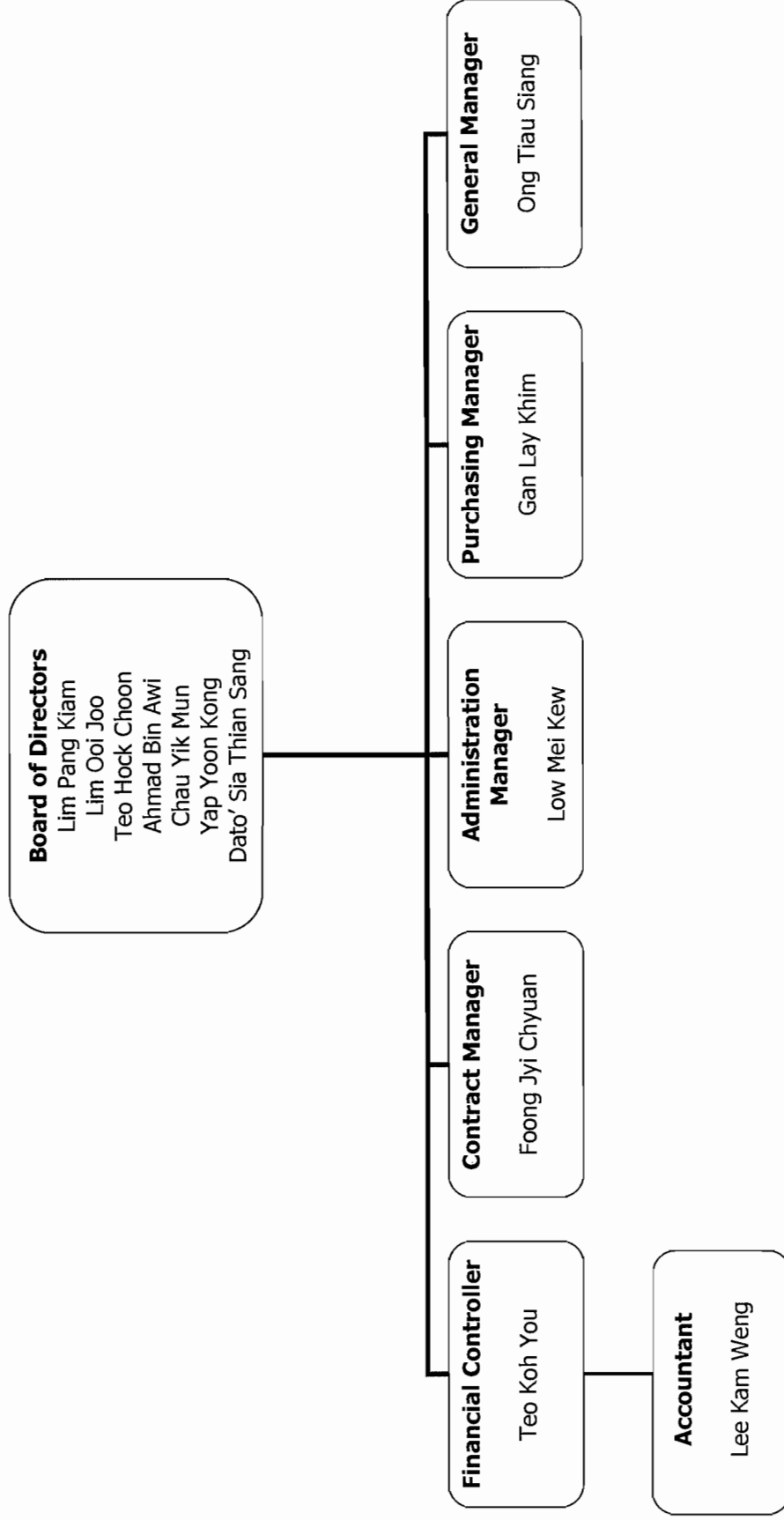
The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Director's fees as set out in our Memorandum and Articles of Association must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 15.2 of this Prospectus for further details.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.3 KEY MANAGEMENT

8.3.1 Management structure



8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.3.2 Key management shareholdings**

The shareholdings of our key management in our Company before and after our IPO assuming that our key management will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO ⁽¹⁾			After IPO ⁽²⁾				
		Direct	Indirect		Direct	Indirect			
		No. of Shares	%	No. of Shares	(4) No. of Shares	%	No. of Shares		
Lim Ooi Joo	Managing Director / Malaysian	47,638,050	11.12 ⁽⁵⁾	194,834,200	45.50	47,638,050	8.90 ⁽³⁾⁽⁵⁾	181,371,400	33.88
Teo Hock Choon	Deputy Managing Director / Malaysian	47,102,850	11.00	-	-	47,102,850	8.80	-	-
Ahmad bin Awi	Executive Director / Malaysian	67,442,600	15.75	-	-	67,842,600	12.68	-	-
Chau Yik Mun	Executive Director / Malaysian	12,311,000	2.88	-	-	12,911,000	2.41	-	-
Teo Koh You	Financial Controller / Malaysian	-	-	-	-	450,000	0.08	-	-
Foong Jyi Chyuan	Contract Manager / Malaysian	10,705,200	2.50	-	-	11,205,200	2.09	-	-
Low Mei Kew	Administration Manager / Malaysian	-	-	-	-	400,000	0.07	-	-
Gan Lay Khim	Purchasing Manager / Malaysian	-	-	-	-	140,000	0.03	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Designation/ Nationality	Before IPO ⁽¹⁾			After IPO ⁽²⁾		
		Direct No. of Shares	%	Indirect No. of Shares	Direct (4) No. of Shares	%	Indirect No. of Shares
Ong Tiau Siang	General Manager / Malaysian	10,705,200	2.50	-	11,305,200	2.11	-
Lee Kam Weng	Accountant / Malaysian	-	-	-	100,000	0.02	-

Notes:

- (1) Based on the share capital of 428,207,200 Shares after the Acquisition of IBSB, the issuance of 80 new Shares to Lim Ooi Joo and Teo Hock Choon; and the subsequent transfer of the 20 subscriber shares in IBGB to Lim Ooi Joo and Teo Hock Choon.
- (2) Based on the enlarged share capital of 535,259,000 Shares after the IPO.
- (3) After the Offer for Sale.
- (4) Assuming that our key management will fully subscribe for their respective entitlements under the Pink Form Allocations.
- (5) Deemed interested by virtue of his shareholdings in Apexjaya pursuant to Section 8 of the Act.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.3.3 Profiles of key management

Save for the profiles of our Directors, which are disclosed in Section 8.2.2 of this Prospectus, the profiles of our other key management are as follows:

Teo Koh You

Teo Koh You, a Malaysian, aged 68, is our Financial Controller. He is responsible for our Group's finance and accounting functions as well as reporting to our Board pertaining to financial matters of our Group. He also sits on our internal advisory panel which consists of himself, Lim Ooi Joo, Teo Hock Choon, Ahmad bin Awi and Chau Yik Mun. The internal advisory committee is in charge of overseeing the award of contracts to subcontractors for the projects undertaken by our Group and making decisions on tender participation and purchase of machinery and equipment.

In 1974, he obtained his Institute of Chartered Secretaries and Administrators qualification. He then obtained his professional accounting qualification from the Association of Chartered Certified Accountants of UK in 1975. He has been a registered member of the Malaysian Institute of Accountants since 1979. In 1982, he was admitted as a Fellow Member of the Association of Chartered Certified Accountants of UK.

Prior to joining our Group as Financial Controller in 2002, he has accumulated more than 28 years of working experience in the accounting and finance field. He began his career in 1974 as an Audit Clerk at Azman Wong Salleh & Co (which merged with Turquand, Young & Co and subsequently merged with Ernst & Whinney to form Ernst & Young). His last position there was Senior Audit Assistant. He left in 1979 to join John Lysaght (M) Sdn Bhd (currently known as NS BlueScope Lysaght Malaysia Sdn Bhd) as an Accountant. He was attached to the company for 19 years before leaving in 1998 with his final position being Financial Controller cum Company Secretary, a position he was promoted to in 1994. He joined Commway Systems Sdn Bhd as a General Manager cum Director in 1998 where he was responsible for managing the daily operations of the company before leaving in 2002 to join IBSB as our Financial Controller, a position he has held until now.

Foong Jyi Chyuan

Foong Jyi Chyuan, a Malaysian, aged 35, is our Contract Manager. He is responsible for supervising the day-to-day operations of our Contract Department under the direct supervision of Teo Hock Choon, our Deputy Managing Director. He holds a Bachelor of Science in Building Economics and Quantity Surveying from Heriot-Watt University, UK in 2007 as well as a Diploma in Technology (Building) and an Advanced Diploma in Technology (Building) from Tunku Abdul Rahman College in 2003 and 2006 respectively.

He has accumulated 11 years of quantity surveying and contract management related experience. He began his career with IBSB in 2005 as a Junior Contract Executive while he was studying part-time for his advanced diploma and his bachelor's degree. In 2008, he left IBSB for a short stint in Dinamik Cerdas Sdn Bhd as a Contract Executive. He left Dinamik Cerdas Sdn Bhd in 2009 to rejoin IBSB as a Senior Contract Executive. He was subsequently promoted to Assistant Contract Manager in 2012 and Contract Manager in 2013.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Low Mei Kew

Low Mei Kew, a Malaysian, aged 63, is our Administration Manager. She is responsible for handling all human resources and administrative related matters of our Group. She is also our Quality Management Representative that helps to promote the company's quality programme to ensure compliance with the ISO 9001:2008 quality standard.

She obtained a Diploma in Executive Secretaryship from Stamford College in 1996. She also holds a Certificate in Administrative Management and a Diploma in Administration Management from the Institute of Administrative Management, UK, which she obtained in 1996 and 1997 respectively.

She has accumulated 37 years of working experience undertaking roles pertaining to the secretarial and administration functions. She completed her secondary school education in 1972 at St. George's Girls' School. During the period between 1973 and 1978, she held several part time jobs before undertaking her private secretarial course. In 1979, she completed her private secretarial course and started her full-time career as a Private Secretary of the Plant Manager at Palmco Holdings Sdn Bhd. She was promoted to the position of Confidential Secretary in 1981 to assist the Group Commercial Manager who is also the Personal Assistant to the Deputy Managing Director till 1984. Between 1984 to 1990, she was employed by the Malaysian regional office of Boehringer Mannheim GmbH as a Confidential Secretary for the Administration and Marketing Department.

In 1990, she joined Watertec (M) Sdn Bhd as Private Secretary to the Managing Director cum Chief Executive Officer and was subsequently promoted to Executive Secretary to the Managing Director cum Chief Executive Officer in 1996 and Assistant Manager in the Managing Director Department in 1998 until her departure in 2001. During her stint at the company, she assisted in the marketing functions of the company such as keeping track of competitors' products and seeking for new customers from various countries including the Philippines, Sri Lanka, India, Maldives, the UK and other European countries.

She joined IBSB in 2001 as a Confidential Secretary and was subsequently promoted to her current position in 2009.

Gan Lay Khim

Gan Lay Khim, a Malaysian, aged 52, is our Purchasing Manager. She is responsible for managing our Purchasing Department and supervising all matters pertaining to our procurements.

She has accumulated 28 years of working experience in dealing with matters related to purchasing. She completed her Sijil Tinggi Persekolahan Malaysia in 1985 from Sekolah Menengah Kebangsaan Sungai Besar. Between 1985 and 1988, she assisted in running her family business of operating a grocery shop.

In 1988, she began her full-time career as a General Clerk with L'Grande Development Sdn Bhd (the company was renamed Grand Hoover Berhad after its listing in 1997) and was subsequently promoted to Purchasing Assistant, Purchasing Executive and Senior Executive for Building Materials in 1991, 1997 and 2004 respectively. In 2009, she left the company as the Senior Executive for Building Materials to join IBSB as Assistant Purchasing Manager and was subsequently promoted to Purchasing Manager in 2011.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Ong Tiau Siang

Ong Tiau Siang, a Malaysian, aged 39, is our General Manager. He is responsible for overseeing all our construction projects in Johor.

He graduated with a Bachelor of Civil Engineering (Honours) from Universiti Teknologi Malaysia in 2000. He also has experience and technical expertise in working under demanding internationally recognised quality standards such as the ISO 9001:2008 and CONQUAS 21 and ensuring strict compliance to the requirement of these quality assessment systems.

He has 16 years of experience in handling on-site construction works. He started his career in 2000 as a Site Engineer with Psycon Sdn Bhd. He left the company in 2001 to join IBSB as our Site Engineer. He was subsequently promoted to Assistant Site Agent in 2006, Site Agent in 2008, Assistant Project Manager in 2009, Project Manager in 2011, Senior Project Manager in 2013 and General Manager in 2015.

Lee Kam Weng

Lee Kam Weng, a Malaysian, aged 36, is our Accountant. He is responsible to assist our Financial Controller on our Group's finance and accounting functions.

In 2004, he obtained his Advanced Diploma in Commerce from Tunku Abdul Rahman College. He then obtained his professional accounting qualification from the Association of Chartered Certified Accountants of UK in 2005. He has been a registered member of the Malaysian Institute of Accountants since 2010. In 2014, he was admitted as a Fellow Member of the Association of Chartered Certified Accountants of UK. In 2016, he graduated with Master of Business Administration (majoring in Internal Auditing Engagement studies) from the University of Malaya.

He has 10 years of experience in the accounting and finance field. In 2006, he began his career as Audit & Assurance Associate with Messrs Raki CS Tan & Ramanan where he was involved in various audit assignments. In 2008, he left the firm as the Senior Audit & Assurance Associate to join OYL Manufacturing Sdn Bhd as Internal Audit Executive, a position he held for a year where he was in charge of reviewing and auditing the internal controls of the company. In 2009, he joined IOI Corporation Berhad as Finance Executive where he was responsible for the finance function in the plantation division and subsequently left in the same position in 2011 to join Rotary MEC (Mal) Sdn Bhd as Accountant, a position he held until 2013. In 2013, he joined KNM Group Berhad as Accountant responsible for the accounting functions of several oil and gas construction projects. In 2015, he joined IBSB as our Accountant mainly in charge of the preparation and review of the company accounts, budgets and other related accounting and financial matters.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.3.4 Principal business performed outside our Group**

Save as disclosed below, none of our key management has any other principal directorship and/or principal business activities performed outside our Group as at the LPD:

- **Teo Koh You**

Company	Principal activities	Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
<u>Past involvement</u>						
Money Kopitiam Sdn Bhd ⁽¹⁾	Dormant. There are no future plans for it	Executive Director/ Shareholder	2 March 2009	-	50.00%	-

Note:

⁽¹⁾ Money Kopitiam Sdn Bhd was dissolved on 9 May 2016 pursuant to Section 308(4) of the Companies Act, 1965.

- **Foong Jyi Chyuan**

Company	Principal activities	Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
Social Technology Sdn Bhd	Engaged in developing web based application and digital content	Non-Executive Director/ Shareholder	5 August 2014	-	50.0%	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- **Gan Lay Khim**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
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Present involvement

Gan Bee Eng Holdings Sdn Bhd	Dormant. There are no future plans for it	Non-Executive Director	11 August 1992	-	-	-
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The involvement of our key management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.4 BOARD PRACTICE

8.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (b) To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;
- (d) To ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code of Corporate Governance 2012;
- (e) To review and approve our annual business plans, financial statements and annual reports;
- (f) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and
- (g) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Articles of Association, an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

All our Directors were appointed to our Board in April 2016. During our recent annual general meeting held on 28 March 2017, one-third of our Directors retired from office and were re-elected.

The members of our Board are set out in Section 8.2 of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.4.2 Audit Committee

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility to oversee our Group's accounting and financial reporting matters. The Audit Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) To review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;
- (d) To consider the major findings of internal investigations and management's response; and
- (e) To perform such other functions as may be requested by our Board.

The recommendations of our Audit Committee are subject to the approval of our Board.

The members of our Audit Committee as at the LPD are as follows:

Name	Designation	Directorship
Yap Yoon Kong	Chairman	Senior Independent Non-Executive Director
Lim Pang Kiam	Member	Independent Non-Executive Chairman
Dato' Sia Thian Sang	Member	Independent Non-Executive Director

Our Board will review the composition, performance and effectiveness of our Audit Committee annually.

8.4.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To recommend a framework of remuneration for Directors, Managing Director and key management personnel for the Board's approval. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind;

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

- (b) To recommend specific remuneration packages for Executive Directors and the Managing Director. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board;
- (c) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of Executive Directors, management and staff; and
- (d) To perform any other functions as defined by the Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at the LPD are as follows:

Name	Designation	Directorship
Yap Yoon Kong	Chairman	Senior Independent Non-Executive Director
Lim Pang Kiam	Member	Independent Non-Executive Chairman
Dato' Sia Thian Sang	Member	Independent Non-Executive Director
Lim Ooi Joo	Member	Managing Director
Teo Hock Choon	Member	Deputy Managing Director

8.4.4 Nomination Committee

The Nomination Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To assist our Board in the effective discharge of its responsibility to ensure that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (c) To evaluate the effectiveness of our Board and the relevant Board committees; and
- (d) To ensure an appropriate framework and succession planning for our Board.

The recommendations of our Nomination Committee are subject to the approval of our Board.

The members of our Nomination Committee as at the LPD are as follows:

Name	Designation	Directorship
Dato' Sia Thian Sang	Chairman	Independent Non-Executive Director
Yap Yoon Kong	Member	Senior Independent Non-Executive Director
Lim Pang Kiam	Member	Independent Non-Executive Chairman

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

8.4.5 Risk Management Committee

Our Board has the overall responsibility for risk oversight and risk management within the Group. However, as a committee of our Board, our Risk Management Committee shall lead our strategic direction in the management of our business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The objectives of the framework are to ensure the provision of quality product and services and monitor the risk culture and processes throughout the Group to take advantage of opportunities while managing risks that may adversely affect our reputation and achievement of business objectives.

The duties and responsibilities as stated in the terms of reference of our Risk Management Committee include the following:

- (a) To oversee and recommend the risk management policies and procedures of our Group;
- (b) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- (c) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (d) To set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks;
- (e) To review the risk profile of our Group including all our subsidiaries and to evaluate the measures taken to mitigate the business risks; and
- (f) To review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite.

The recommendations of our Risk Management Committee are subject to the approval of our Board.

The members of our Risk Management Committee as at the LPD are as follows:

Name	Designation	Directorship
Lim Ooi Joo	Chairman	Managing Director
Lim Pang Kiam	Member	Independent Non-Executive Chairman
Yap Yoon Kong	Member	Senior Independent Non-Executive Director
Dato' Sia Thian Sang	Member	Independent Non-Executive Director
Teo Hock Choon	Member	Deputy Managing Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 197 of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key management as at the LPD.

- (a) Lim Ooi Joo, our Managing Director is the brother-in-law of Teo Koh You, our Financial Controller;
- (b) Lim Ooi Joo, our Managing Director is the brother-in-law of Kok Chin Seow, our substantial shareholder by virtue of her interest in Apexjaya; and
- (c) Lim Ooi Joo, our Managing Director is the uncle of Lim Boon Han, our substantial shareholder by virtue of his interest in Apexjaya.

Both Kok Chin Seow and Lim Boon Han are passive shareholders of Apexjaya and does not participate in the business of Apexjaya and our Company.

8.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements (contracts for services) entered into between the companies within our Group, with our Directors or key management personnel.

8.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY MANAGEMENT

As at the LPD, none of our Promoters, Directors or key management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) A petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or key personnel;
- (b) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) Any judgment that was entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.8 BENEFITS PAID OR INTENDED TO BE PAID

Save for the our Directors' remuneration and benefits as disclosed in Section 8.2.4, there is no amount and benefit that has been or is intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the 2 years preceding the date of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.9 EMPLOYEES**

As at the LPD, we have a total workforce of 515 employees, which consists of permanent and contractual employees. Local employees accounted for approximately 30.29% of total workforce while the remaining 69.71% were foreign workers. All of our foreign workers have valid working permits. The following depicts the breakdown of our employees in our Group:

Category of employees As at	Number of employees			LPD
	31 December 2014	31 December 2015	31 December 2016	
Executive Directors	3	3	4	4
General Manager	1	1	1	1
Senior Managers	4	5	4	4
Managers	20	16	13	15
Professional/ Executive	44	50	53	56
Supervisors	28	33	39	45
Clerical/ Non-Executive	22	24	24	25
Machine Operator	3	3	4	6
Construction Site Workers ⁽¹⁾	125	135	142	156
	507	457	376	359
Total	632	592	518	515

Note:

⁽¹⁾ All our construction site workers are foreign workers.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Further details of our employee structure as at the LPD are as follows:

Category of employees	Length of service (years)			Total number of employees	% of total employees	Number of local employees	Number of foreign employees
	Less than 1 year	More than 1 year but less than 5 years	More than 5 years				
Executive Directors	-	-	4	4	0.78	4	-
General Manager	-	-	1	1	0.19	1	-
Senior Managers	1	-	3	4	0.78	4	-
Managers	3	2	10	15	2.91	15	-
Professional/ Executive Supervisors	11	31	14	56	10.87	56	-
Clerical/ Non-Executive Machine Operator	17	19	9	45	8.74	45	-
Construction Site Workers ⁽¹⁾	5	11	9	25	4.85	25	-
	3	-	3	6	1.17	6	-
	5	185	169	359	69.71	-	359
Total	45	248	222	515	100.00	156	359

Note:

⁽¹⁾ All our construction site workers are foreign workers.

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue in the future. As at the LPD, there is no major industrial dispute pertaining to our employees. Over the FYEs 2014 to 2016, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

8.10 TRAINING AND DEVELOPMENT

Our employees are one of our key assets, and they play an instrumental role in our continuous growth. We place great emphasis on staff retention by cultivating conducive working environment within our organisation, ensuring skills development across our Group and identifying employee performance improvement opportunities for career advancement.

It is our policy to develop and train employees to improve their skills set and professionalism, in order to enhance productivity and operational efficiencies. As training and development is a continuing process, we encourage our employees to continually increase their skills and knowledge through on-the-job training.

We believe that learning and development opportunities also play a significant role in increasing employee retention. As such, we have, from time to time, arranged internal and external training and development courses for our employees. These on-going training and development programmes cover the Continuing Professional Development (CPD) courses as well as relevant technical and functional courses for our employees. Some of the internal and external training and development programmes undertaken by our employees during the FYE 2014 to 2016 are as follows:

Programme	Organiser	Purpose
FYE 2016		
Keypoint Software System Training on: •Accounting and Finance •Purchasing •Contract	MHW Industrial Automation Sdn Bhd	Familiarisation with the new software system
Pertubuhan Akitek Malaysia ("PAM") Contract 2006 on: •Introduction and understanding on the Construction Industry Payment and Adjudication Act ("CIPAA")2012 •Implementation of CIPAA 2012 •Extension of time claims and liquidated damages claims	Ramar Subramaniam (Lecturer)	Awareness and refresher training to further understand the relevant issues in the PAM Contract
Scaffolding Competency Course (Basic)	Akademi Binaan Malaysia	Competency training on scaffolding erection
OHSAS 18001:2007 (Safety Certification)	Angel Element Consultancy Sdn Bhd	General understanding of the concepts and role of OHSAS 18001
IBS Malaysia International Building, Construction & Infrastructure Technology 2016	Master Builders Association Malaysia	Knowledge update on latest development technology for buildings and infrastructure
2016 Business and Tax Seminar	Baker Tilly Monteiro Heng Tax Services Sdn Bhd	Seminar on Budget 2017 - latest development & solutions for the construction industry

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Programme	Organiser	Purpose
FYE 2015		
PAM Contract 2006 Pertinent Contractual Issues on: •Practical Completion and Defects Liability •Partial Possession by Employer •Date of commencement, Postponement & Completion •Damages for Non-Completion •Extension of time	Ramar Subramaniam (Lecturer)	Awareness and Refresher training to further understand the relevant issues in the PAM Contract Administration
Timber flooring products	Lumbermart Contracts Sdn Bhd	Knowledge update on timber flooring products
ISO 9001:2008 (Internal training)	Angel Element Consultancy Sdn Bhd	Awareness and familiarisation with ISO 9001:2008 Standards and respective department procedures
CIDB Training (Basic & Introduction)	CIDB	For CIDB Green Card Registration
Basic Project Management for Engineers	The Institution of Engineers	Understanding and enhancement of project management skills
5-S Housekeeping & Workplace Organisation Program	Selangor Human Resource Development Centre ("SHRDC")	Introduction and awareness on good housekeeping practices
Human Resources Leadership on Talent equation for the future	UEM Learning Centre Human Resources	Information update on human resource leadership
QLASSIC & SHASSIC (QSR) Seminar	CIDB	Exposure to all quality aspects and ways to improve and maintain quality and safety at construction sites
Microsoft Project 2013 Program	SHRDC	Familiarisation on the application of the program to enhance work efficiency
FYE 2014		
GST Implementation Workshop	YYC GST Consultants Sdn Bhd	Introduction and awareness of the GST and to understand the effects to our business and the industry
CONQUAS 21	Mah Sing Properties Sdn Bhd	Awareness and familiarisation of CONQUAS and its benefit
ISO 9001:2008 (internal training)	Angel Element Consultancy Sdn Bhd	Awareness and familiarisation with ISO 9001:2008 Standards and respective departmental procedures
Construction Plant and Procurement Management Workshop	CIDB & MBAM	Knowledge on the various types of construction machineries
Construction Plant and Maintenance Management	CIDB & MBAM	Knowledge on how to maintain and manage construction machineries
Effective Management	Dato Ir Ang Cheng Ho (Suntiga Concrete Sdn Bhd)	Knowledge update for effective management
Construction Management	Ramar Subramaniam (Lecturer)	Awareness and refresher training to further understand the relevant issues in the PAM Contract Administration

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Programme	Organiser	Purpose
FYE 2014		
6 th Malaysian Construction Summit 2014 on "Malaysian Construction in 2020 – The Road Ahead"	MBAM	Information sharing and update on the Malaysian construction industry in 2020
Seminar on Control of Aedes Mosquito at Construction Sites	CIDB	Awareness on the danger of dengue and how to control and eliminate the spread
GST Mechanism and Impact on Business	SHRDC	Understanding the mechanism and the impact GST has on businesses in general
Legal Issues on Human Resources Practices	Natural Human Resource Centre	Information update on the legal issues on human resources practices

8.11 MANAGEMENT SUCCESSION PLAN

Our Group recognises the importance of succession planning to ensure business continuity, and to maintain our competencies and competitiveness in the industry. In view thereof, our Group has taken appropriate steps such as professional mentoring, on-the-job training and professional learning and development to ensure the implementation of succession planning in every department. We encourage our senior management to identify employees who have the potential to move into leadership positions and to expose such potential leadership talent to various developmental opportunities to groom and to provide them with the skill sets and experiences required to take on higher level leadership positions and greater responsibilities. In addition, we also encourage our senior management to groom the lower and middle management staff to gradually assume higher responsibilities and encourage our middle management to participate in discussion for decision-making to ensure better understanding of our operations, responsibilities and the decision-making processes and that they are equipped with the necessary knowledge and skills to succeed to senior management roles.

Our Board is involved in the process of reviewing the potential successor's readiness, and in identifying key competencies and requirements for managerial and key senior positions for succession planning. Appropriate job functions and candidate profiles are reviewed and matched for management positions, in line with our business goals, strategies and culture. As part of our Group's management succession plan, we have identified middle management personnel across our Group to facilitate knowledge transfer and to build upon their capabilities to fill senior management positions so as to ensure smooth running and continuity of our operations.

At present, we have identified Ahmad Bin Awi, Chau Yik Mun, Foong Jyi Chyuan, Ong Tiau Siang and Lee Kam Weng as potential successors to our Group. These candidates are currently holding key positions in our Group. Ahmad Bin Awi and Chau Yik Mun are currently IBGB's directors and have been identified as the first tier of potential successors for our Group. They will be assisted by Foong Jyi Chyuan and Ong Tiau Siang who will continually be groomed and developed to assume higher responsibilities. Together, they will be in charge of the business operations of our Group including matters pertaining to our procurement which is currently handled by Gan Lay Khim. As for the finance functions of our Group, it is headed by Teo Koh You, our Financial Controller and assisted by Lee Kam Weng, our Accountant. As for the administrative functions of our Group, Low Mei Kew currently has 3 administrative staff assisting her and she is gradually training and grooming them to assume more roles and responsibilities.

9. APPROVALS AND CONDITIONS

9.1 APPROVALS AND CONDITIONS

9.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 21 August 2016, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire share capital on the ACE Market of Bursa Securities. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submission of the following information in respect to the moratorium on the shareholdings of Promoters to the Bursa Depository:- (a) Name of shareholders; (b) Number of shares; and (c) Date of expiry of the moratorium for each block of shares;	Complied
2.	Approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
3.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
4.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire share capital of IBGB on the first day of Listing;	To be complied
5.	Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;	To be complied ⁽¹⁾
6.	In relation to the public offering to be undertaken by IBGB, please announce at least 2 Market Days prior to the Listing date, the result of the offering including the following: (a) Level of subscription of public balloting and placement; (b) Basis of allotment/allocation; (c) A table showing the distribution for placement tranche, in the format prescribed; (d) Disclosure of placees who become substantial shareholder of IBGB arising from the public offering, if any,	To be complied
	and to ensure that the overall distribution of IBGB's securities is properly carried out to mitigate any disorderly secondary market after commencement of trading; and	

9. APPROVALS AND CONDITIONS (Cont'd)

No.	Details of conditions imposed	Status of compliance
7.	IBGB/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied

Note:

- (1) On 6 April 2017, an extension of time was granted by Bursa Securities up to 31 August 2017 for the Company to comply with this condition.

On 20 March 2017, Bursa Securities has granted us an extension of time up to 20 July 2017 to complete our Listing.

9.1.2 SC approval

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 28 October 2016, approved the resultant equity structure of IBGB under the equity requirement for public companies pursuant to our Listing.

The Shariah Advisory Council of the SC had, vide its letter dated 4 January 2017 classified our Shares as shariah-compliant based on the audited consolidated financial statements for FYE 2015.

9.1.3 Waiver

M&A Securities had on behalf of our Company sought relief from the Bursa Securities' approval to waive the requirements for IBGB to comply with the following provisions of the Listing Requirements:

Listing Requirements	Details	Bursa Securities' decision
Rule 3.19(1)		
<i>"(1) A moratorium will be imposed on the sale, transfer or assignment of shares held by promoters of an applicant as follows:</i>		
<i>(b) Upon the expiry of the 6-month period stated above, the listed corporation must ensure that the promoters' aggregate shareholdings amounting to at least 45% of the nominal issued and paid-up ordinary share capital of the listed corporation remain under moratorium, for another period of 6 months."</i>	The approval from Bursa Securities was sought to waive this requirements as IBSB meets the profit test requirements for the Main Market under Paragraph 5.02(a) of the Equity Guidelines issued by the SC.	Approved. Subject to the condition that shareholdings of the Promoters of IBGB are placed under a moratorium of 6 months from the date of Listing.

9. APPROVALS AND CONDITIONS (Cont'd)

9.1.4 MITI approval

The MITI had, vide its letter dated 20 April 2017, taken note and has no objection to our Listing.

9.2 MORATORIUM ON OUR SHARES

On behalf of IBGB, M&A Securities has sought approval from Bursa Securities to waive the requirement for IBGB to comply with Rule 3.19(1) of the Listing Requirements. Instead, the Promoters have provided written undertakings to Bursa Securities that that they will not sell, transfer or assign their shareholdings under moratorium during the period of 6 months from the date of Listing of IBGB on Bursa Securities in accordance with Rule 3.19(1A)(b) of the Listing Requirements.

Details of our Promoters and their Shares which will be subject to the abovesaid moratorium, are set out below:

Promoter	No. of Shares	(1)%
Apexjaya	181,371,400	33.88
Lim Ooi Joo	47,638,050	8.90
Teo Hock Choon	47,102,850	8.80
Ahmad Bin Awi	67,842,600	12.68
Total	343,954,900	64.26

Note:

(1) Based on the enlarged share capital of 535,259,000 Shares after the Offer for Sale.

The moratorium has been fully accepted by the Promoters, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Promoters to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

Separately, the following persons shall also observe the respective moratoriums as set out below:

- (a) The ultimate shareholders of Apexjaya, namely, Lim Ooi Joo, Kok Chin Seow, Lim Boon Han, Gilspeed Limited, Teo Hock Choon, Lim Poh Yim, and Wong Thim Fatt have undertaken not to sell, transfer or assign their shareholdings in Apexjaya for a period of 6 months from the date of our Listing on Bursa Securities;
- (b) The ultimate shareholders of Gilspeed Limited, namely, Summer Breeze Holdings Corporation and Lim Boon Leong which is the nephew of Lim Ooi Joo has undertaken not to sell, transfer or assign its shareholdings in Gilspeed Limited for a period of 6 months from the date of our Listing on Bursa Securities; and
- (c) The ultimate shareholders of Summer Breeze Holdings Corporation, namely, Lim Boon Leong, Lim Soon Tiong, Lim Boon Kian and Lim Mun Har have undertaken not to sell, transfer or assign their shareholdings in Summer Breeze Holdings Corporation for a period of 6 months from the date of our Listing on Bursa Securities.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST**10.1 RELATED PARTY TRANSACTIONS**

Save as disclosed below, for the FYEs 2014 to 2016, there are no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them which are significant in relation to the business of our Company and our subsidiary, as defined under the Listing Requirements:

10.1.1 Recurrent related party transactions

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions (Expense)/Income		
					FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000
Apexjaya	IBSB	Lim Ooi Joo Teo Hock Choon	Lim Ooi Joo and Teo Hock Choon are our Promoters and Executive Directors. Lim Ooi Joo and Teo Hock Choon are also directors and substantial shareholders of Apexjaya.	Construction materials cost and subcontractor costs payable to Apexjaya	(6,503)	(8,605)	(8,369)
Inta Development ⁽¹⁾⁽²⁾	IBSB	Lim Ooi Joo Teo Hock Choon Apexjaya	Lim Ooi Joo, Teo Hock Choon and Apexjaya are our Promoters and substantial shareholders. They are also shareholders of Inta Development.	Rental income received from Inta Development	37	22	-
Apexjaya ⁽³⁾	IBSB	Lim Ooi Joo Teo Hock Choon	Lim Ooi Joo and Teo Hock Choon are our Promoters, substantial shareholders and Executive Directors.	Rental income from Apexjaya	13	26	26

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions (Expense)/Income		
					FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000
Apexjaya ⁽⁴⁾	IBSB	Lim Ooi Joo Teo Hock Choon	Lim Ooi Joo and Teo Hock Choon are also directors and substantial shareholders of Apexjaya.	Rental expense charged by Apexjaya	(6)	(96)	(64)
			Lim Ooi Joo and Teo Hock Choon are also directors and substantial shareholders of Apexjaya.				

Notes:

- (1) Since 19 December 2014, Inta Development has ceased to be our associated company.
- (2) Since 15 September 2015, Inta Development has ceased to rent the property from us. The property rented by Inta Development was the 2nd Floor, No. 21, Jalan SS15/8A, 47500 Subang Jaya, Selangor and is currently under renovation.
- (3) The property rented by Apexjaya is the First Floor, No. 21, Jalan SS15/8A, 47500 Subang Jaya, Selangor.
- (4) The properties rented to us by Apexjaya are B-PH-06, Casa Villa Condominium, Jalan Berjaya Baru, Taman Berjaya Baru, 43000 Kajang and Lot 80312, Jalan Hj Md Yudin off Jalan Johan Setia, Kampung Setia Baru, 41200 Klang, Selangor which were used as our staff accommodations and for storage of our equipment and machinery respectively. We have since 2016 ceased renting B-PH-06, Casa Villa Condominium, Jalan Berjaya Baru, Taman Berjaya Baru, 43000 Kajang. We have since 2017 ceased renting Lot 80312, Jalan Hj Md Yudin off Jalan Johan Setia, Kampung Setia Baru, 41200 Klang, Selangor.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**10.1.2 Non-recurrent related party transactions**

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions (Expense)/Income		
					FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000
Lim Ooi Joo Teo Hock Choon Apexjaya	IBSB	Lim Ooi Joo Teo Hock Choon Apexjaya	Lim Ooi Joo, Teo Hock Choon and Apexjaya are our Promoters and substantial shareholders. Lim Ooi Joo and Teo Hock Choon are also our Executive Directors.	Sale of our investment in an associated company, Inta Development to Apexjaya, Lim Ooi Joo and Teo Hock Choon	1,200	-	-
Apexjaya	IBSB	Lim Ooi Joo Teo Hock Choon	Lim Ooi Joo and Teo Hock Choon are also directors and substantial shareholders of Apexjaya.	Sale of our investment in Mahligai Abadi Sdn Bhd in 2015, and sale of our investment in Apexjaya Properties Sdn Bhd to Lim Ooi Joo and Teo Hock Choon in 2014	50	186	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions (Expense)/Income		
					FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000
Lim Cheng Siew	IBSB	Lim Cheng Siew	Spouse of Wong Thim Fatt, who is a Director of Apexjaya, which in turn is our Promoter and substantial shareholder.	Finance cost charged by Lim Cheng Siew on advances to IBSB ⁽³⁾	8	-	-
Apexjaya	IBSB	Lim Ooi Joo Teo Hock Choon	Lim Ooi Joo and Teo Hock Choon are our Promoters, substantial shareholders and Executive Directors.	Finance cost charged by Apexjaya on advances to IBSB ⁽³⁾	21	27	-
Lim Ooi Joo	IBSB	Lim Ooi Joo	Lim Ooi Joo and Teo Hock Choon are also directors and substantial shareholders of Apexjaya.	Finance cost charged by Lim Ooi Joo on advances to IBSB ⁽³⁾	27	2	-
Teo Hock Choon	IBSB	Teo Hock Choon	Teo Hock Choon is our Promoter, substantial shareholder and Executive Director.	Finance cost charged by Teo Hock Choon on advances to IBSB ⁽³⁾	5	6	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions (Expense)/Income		
					FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000
Apexjaya Marketing Sdn Bhd	IBSB	Lim Ooi Joo Ahmad bin Awi	Lim Ooi Joo and Ahmad bin Awi are our Promoters, substantial shareholders and Executive Directors. Lim Ooi Joo and Ahmad bin Awi are substantial shareholders of Apexjaya Marketing Sdn Bhd.	Finance cost charged by Apexjaya Marketing Sdn Bhd on advances to IBSB ⁽³⁾	43	38	-
Norizan Binti Mohamed	IBSB	Norizan Binti Mohamed	Norizan Binti Mohamed is the spouse of Ahmad bin Awi, who is our Promoter, substantial shareholder and Executive Director.	Finance cost charged by Norizan Binti Mohamed on advances to IBSB ⁽³⁾	23	19	-
Yeoh Gim Bee	IBSB	Yeoh Gim Bee	Yeoh Gim Bee is the spouse of Lim Ooi Joo, who is our Promoter, substantial shareholder and Executive Director.	Finance cost charged by Yeoh Gim Bee on advances to IBSB ⁽³⁾	40	8	-
Apexjaya Sdn Bhd	IBSB	Ahmad bin Awi	Ahmad bin Awi is our Promoter, director and substantial shareholder. He is also substantial shareholder of Apexjaya Sdn Bhd.	Finance cost charged by Apexjaya Sdn Bhd on advances to IBSB ⁽³⁾	16	20	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Transacting parties	Company within our Group	Interested Promoters/Directors /Substantial shareholder/Key management personnel	Nature of relationship	Nature of transaction	Value of transactions (Expense)/Income		
					FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000
Lim Soon Tiong	IBSB	Lim Soon Tiong	Lim Ooi Joo is our Promoter, substantial shareholder and Executive Director. He and Lim Soon Tiong are brothers.	Finance cost charged by Lim Soon Tiong on advances to IBSB ⁽³⁾	141	82	-
Syarikat Dutamax Sdn Bhd	IBSB	Apexjaya	Wong Thim Fatt is a director and substantial shareholder of Apexjaya, who is our Promoter and substantial shareholder. He is also a substantial shareholder of Syarikat Dutamax Sdn Bhd.	Finance cost charged by Syarikat Dutamax Sdn Bhd on advances to IBSB ⁽³⁾	20	18	-
Inta Development ⁽¹⁾⁽²⁾	IBSB	Lim Ooi Joo Teo Hock Choon Apexjaya	Lim Ooi Joo, Teo Hock Choon and Apexjaya are our Promoters and substantial shareholders. They are also shareholders of Inta Development.	Contract revenue received from Inta Development ⁽⁴⁾	4,302	443	-
Mahligai Abadi Sdn Bhd ⁽²⁾	IBSB	Lim Ooi Joo Teo Hock Choon Apexjaya	Lim Ooi Joo, Teo Hock Choon and Apexjaya are our Promoters and substantial shareholders. They are also shareholders of Mahligai Abadi Sdn Bhd through Apexjaya and Inta Development.	Contract revenue received from Mahligai Abadi Sdn Bhd ⁽⁴⁾	150	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Notes:

- (1) Since 19 December 2014, Inta Development has ceased to be our associated company.
- (2) Moving forward, we do not expect any new transactions with these companies save for finalisation of the project accounts.
- (3) Relates to advances for working capital purposes. The rate of finance costs charged by the related parties is 8.0% which was benchmarked against the Group's bank overdraft rate of between 7.60% to 8.60% for FYE 2014 to FYE 2015. As at the end of FYE 2015, such advances have been fully repaid by IBSB.
- (4) Relates to residential construction projects undertaken by us. Please refer to Section 10.2 (ii) of this Prospectus for further details.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Our Directors are of the view that the above recurrent related party transactions were conducted on an arm's length basis and were carried out in the ordinary course of business and on competitive commercial terms not more favourable to the related parties than those generally available to the public and were not to the detriment of our minority shareholders.

Moving forward and as provided under the Listing Requirements, in order to ensure that the recurrent related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures for all recurrent related party transactions:

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties is fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products and/or quantities; or
- (b) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

To mitigate any potential conflict of interest arising from any recurrent related party transactions, our Board shall seek the approval from our non-interested shareholders for a mandate to continue to enter into such recurrent transactions at the next general meeting of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions in our ordinary course of business without the need to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

Our Directors are of the view that the above non-recurrent related party transactions were carried out on an arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to third parties.

In the event there are any proposed related party transactions that require the prior approval of shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**10.2 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND OUR SUPPLIERS**

As at the LPD, save as disclosed below, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are:

- (a) carrying on a similar or related trade as our Group; or
- (b) clients and/or suppliers of our Group.

In relation to (a) above, Yap Yoon Kong, our Senior Independent Non-Executive Director, is also involved in the following companies carrying on a similar or related trade as our Group:

Company	Principal activities	Position held	% of shareholdings held (direct)	% of shareholdings held (indirect)
PJ Development Holdings Berhad	Investment holding, property investment and provision of management services to its subsidiaries	Non-Independent Non-Executive Director	-	-
PJDC International Sdn Bhd	Investment holding of subsidiaries involving in construction	Non-Executive Director	-	-
Jasmin Villa Development Sdn Bhd	Property development	Non-Executive Director	-	-
Cendana Olimpik Sdn Bhd	Property investment	Non-Executive Director	20.00	-

Although the above mentioned companies have similar or related business activities with our Group, there were no transactions between the above companies and our Group during the financial years under review. Based on this and taking into consideration that Yap Yoon Kong is non-executive director of those companies, our Board has formed the opinion that Yap Yoon Kong's involvement in the above companies does not give rise to any conflict of interest situation.

Moving forward, our Audit Committee will supervise any conflict of interest or potential conflict of interest situations and Yap Yoon Kong will disclose such conflict of interest situations, if any, to our Nomination Committee for resolution as and when they arise.

In order to mitigate any possible conflict of interest situation, our Directors will declare to our Nomination Committee and our Board their interests in other companies on the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then evaluate if such Director's involvement give rise to a potential conflict of interest with our Group's business. When a determination has been made that there is a conflict of interest of a Director, our Nomination Committee will:

- (aa) Immediately inform our Board of the conflict of interest situation;

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

- (bb) Make recommendations to our Board to direct the conflicted Director to:
- (i) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (bb) above, the conflicted Director shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

In relation to involvement in our clients / suppliers mentioned in (b) above:

- (i) Apexjaya is our substantial shareholder with 33.88% equity interest after the Listing. Lim Ooi Joo and Teo Hock Choon who are our Promoters, substantial shareholders and Executive Directors, are also directors and substantial shareholders in Apexjaya.

The principal activity of Apexjaya is that of manufacturing and trading of sawn timber, plywood, door and window frame, timber flush door as well as fire door. In the conduct of our construction activities, our Group regularly purchases timber products and metal door frames from Apexjaya. Details of our recurrent transactions with Apexjaya are set out in 10.1.1 of this Prospectus. Based on the above, our Board has formed the opinion that Lim Ooi Joo and Teo Hock Choon's involvement in Apexjaya does not give rise to any conflict of interest situation as Apexjaya and IBSB are not in the same business; and

- (ii) Lim Ooi Joo and Teo Hock Choon are substantial shareholders of Mahligai Abadi Sdn Bhd ("Mahligai Abadi") and Inta Development. The principal activities of Mahligai Abadi and Inta Development are property development.

During the FYEs 2014 to 2015, we have dealt with Mahligai Abadi and Inta Development who are our clients for residential projects in Perak and Selangor respectively. These projects have since been completed and we do not expect further transactions with these companies save for finalisation of the project accounts for the project in Selangor. Our Group does not expect to have further transactions with Inta Development as Inta Development does not have any more land banks for development. The remaining land bank of Mahligai Abadi is located in Perak. As our Group is focused on projects located in Klang Valley and Johor, we do not expect to have further transactions with Mahligai Abadi.

Details of our past transactions with Mahligai Abadi and Inta Development are set out in 10.1.2 of this Prospectus.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

The details of the interest of Lim Ooi Joo and Teo Hock Choon in IBGB, Apexjaya, Mahligai Abadi and Inta Development are as follows:

Name	⁽¹⁾ IBGB		Apexjaya		Mahligai Abadi		Inta Development	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
	% shareholdings							
Lim Ooi Joo	8.90	⁽²⁾ 33.88	28.23	-	-	⁽²⁾ 45.27	13.41	-
Teo Hock Choon	8.80	-	10.00	-	-	-	9.49	-

Notes:

- (1) Based on the enlarged share capital of 535,259,000 Shares after the IPO.
- (2) Deemed interested by virtue of his shareholdings in Apexjaya pursuant to Section 8 of the Act.

Based on the above, our Board has formed the opinion that Lim Ooi Joo's and Teo Hock Choon's involvement in Mahligai Abadi and Inta Development does not give rise to any conflict of interest situation.

10.3 OTHER TRANSACTIONS**10.3.1 Transactions that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or our subsidiary were a party in respect of the FYEs 2014 to 2016.

10.3.2 Outstanding loans (including guarantees of any kind)

The following non-trade related party balances were included in our other receivables and payables for the FYEs 2014 to 2016:

	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Other receivables			
• Amount due from Inta Development ⁽¹⁾	180	-	-
• Amount due from Apexjaya ⁽³⁾	336	⁽²⁾ 291	-
Others payables:			
• Advances from persons connected to our Directors ⁽⁴⁾	2,710	-	-
• Advances from companies in which certain of our Directors have interest ⁽⁵⁾	1,000	-	-
• Advances from companies in which a Director has interest ⁽⁶⁾	200	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**Notes:**

- (1) Since 19 December 2014, Inta Development has ceased to be our associated company. This amount mainly relates to expenses paid on behalf by IBSB and rental income receivable.
- (2) Subsequent to FYE 2015, this amount has been recovered in full.
- (3) This amount mainly relates to disposal proceeds receivable arising from the disposal of our shares in Inta Development to Apexjaya.
- (4) These advances are from Norizan binti Mohamad (spouse of Ahmad bin Awi), Yeo Gim Bee (spouse of Lim Ooi Joo) and Lim Soon Tiong (brother of Lim Ooi Joo) for our working capital purposes.
- (5) These advances are from Syarikat Dutamax Sdn Bhd and Apexjaya Marketing Sdn Bhd, both which Lim Ooi Joo and Ahmad bin Awi has interest for our working capital purposes.
- (6) These advances are from Apexjaya Sdn Bhd where Ahmad bin Awi has interest for our working capital purposes.

Save as disclosed above, there were no outstanding loans (including guarantees of any kind) made to/by us to or for the benefit of any related party in respect, for the FYEs 2014 to 2016.

10.3.3 Disposal of material assets

On 19 December 2014, IBSB entered into agreements to dispose of its entire shareholdings representing 35.06% in Inta Development to Lim Ooi Joo, Teo Hock Choon and Apexjaya for a total cash consideration of RM1.20 million. The disposal consideration of RM1.20 million was derived after taking into consideration the estimated NA of Inta Development at the date of disposal of RM4.92 million and our original cost of investment of RM0.90 million.

Prior to the disposal of Inta Development, the company was an associated company of IBSB. The principal activity of Inta Development is property development. The disposal of Inta Development which was completed on 19 December 2014 was undertaken to enable our Group to focus on its core business of providing building construction works. As result, Inta Development has ceased to be our associated company effective 19 December 2014. As at the LPD, Inta Development has no landbank for future development. As at LPD, the shareholders of Inta Development are as follows:

Name	No. of shares	%
Lim Ooi Joo	325,000	13.41
Teo Hock Choon	230,000	9.49
Lim Soon Tiong	190,000	7.84
Faizah Hanum binti Abdullah	120,000	4.95
Gilspeed Limited	310,000	12.79
Zuhaimi bin Nordin	79,166	3.27
Apexjaya	1,170,000	48.26
Total	2,424,166	100.00

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Save as disclosed above, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the FYEs 2014 to 2016, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us.

10.3.4 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 1 December 2014 between IBSB and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor and Placement Agent for our Listing; and
- (b) Underwriting Agreement dated 3 April 2017 entered into between our Company and M&A Securities for the underwriting of 46,776,000 Issue Shares at the IPO Price.

10.4 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for our Listing;
- (b) Messrs Tay & Helen Wong has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;
- (c) Messrs Baker Tilly Monteiro Heng has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (d) Protégé has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

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11. FINANCIAL INFORMATION

11.1 HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

IBSB is our sole operating subsidiary throughout the financial years under review. IBGB was incorporated on 11 March 2015 to facilitate the Listing and its assets and liabilities as at 31 December 2015 and 31 December 2016 are insignificant relative to those of IBSB as at that date. As such, the historical financial information of our Group for FYEs 2014 and 2016 is presented based on the audited financial statements of IBSB only.

11.1.1 Historical financial information

(a) Historical audited statements of comprehensive income

The following table sets out a summary of the historical audited statements of comprehensive income of IBSB for the FYEs 2014 to 2016 which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. The following summary should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report set out in Section 12 of this Prospectus.

The selected historical financial information included in this Prospectus does not purport to predict our Group's financial position, results and cash flows.

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Revenue	245,821	271,939	257,136
Cost of sales	(222,680)	(245,575)	(229,411)
GP	23,141	26,364	27,725
Other income	3,296	2,931	4,259
Administrative expenses	(9,688)	(9,854)	(11,415)
Other operating expenses	(149)	(262)	(48)
Profit from operations	16,600	19,179	20,521
Finance costs	(2,590)	(2,399)	(2,710)
PBT	14,010	16,780	17,811
Taxation	(3,419)	(5,270)	(5,085)
PAT	10,591	11,510	12,726
EBIT ⁽¹⁾	16,152	18,764	19,951
EBITDA ⁽¹⁾	18,397	21,371	23,380
GP margin (%)	9.41	9.69	10.78
PBT margin (%)	5.70	6.17	6.93
PAT margin (%)	4.31	4.23	4.95
Effective tax rate (%)	24.40	31.41	28.55
EPS (sen) ⁽²⁾	2.47	2.69	2.97
Diluted EPS (sen) ⁽³⁾	1.98	2.15	2.38

11. FINANCIAL INFORMATION (Cont'd)**Notes:**

(1) EBIT and EBITDA are calculated as follows:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
PAT	10,591	11,510	12,726
Less:			
Interest income	(448)	(415)	(570)
Add:			
Finance costs	2,590	2,399	2,710
Taxation	3,419	5,270	5,085
EBIT	16,152	18,764	19,951
Add:			
Depreciation and amortisation	2,245	2,607	3,429
EBITDA	18,397	21,371	23,380

(2) Calculated based on our PAT divided by the share capital of 428,207,200 Shares before our IPO.

(3) Calculated based on our PAT divided by the enlarged share capital of 535,259,000 Shares after our IPO.

(b) Historical audited statements of financial position

The following table sets out the historical audited statements of financial position of IBSB for the FYEs 2014 to 2016, which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. The following summary should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report set out in Section 12 of this Prospectus.

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12,062	14,247	15,660
Investment properties	27,039	19,285	18,924
Available-for-sale financial assets	444	48	-
Trade receivables	25,614	34,561	29,128
Total non-current assets	65,159	68,141	63,712
Current assets			
Trade and other receivables	86,228	85,693	97,892
Contract assets	15,896	24,401	21,979
Cash and short-term deposits	14,572	18,263	30,384
	116,696	128,357	150,255
Non-current assets held for sale	-	3,847	1,398
Total current assets	116,696	132,204	151,653
TOTAL ASSETS	181,855	200,345	215,365

11. FINANCIAL INFORMATION (Cont'd)

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES			
Share capital	8,000	8,000	8,000
Share premium	200	200	200
Retained earnings	23,111	34,621	47,347
Total equity	31,311	42,821	55,547
Non-current liabilities			
Deferred tax liabilities	92	-	106
Loans and borrowings	10,138	11,856	9,382
Trade payables	4,849	11,271	4,415
Total non-current liabilities	15,079	23,127	13,903
Current liabilities			
Trade and other payables	98,487	87,051	94,022
Contract liabilities	4,707	16,070	25,438
Loans and borrowings	29,866	28,202	23,507
Current tax liabilities	2,405	3,074	2,948
Total current liabilities	135,465	134,397	145,915
TOTAL LIABILITIES	150,544	157,524	159,818
TOTAL EQUITY AND LIABILITIES	181,855	200,345	215,365

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11. FINANCIAL INFORMATION (Cont'd)**(c) Historical audited statements of cash flows**

The following table sets out the audited statements of cash flows of IBSB for the FYEs 2014 to 2016, which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. The following summary should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report set out in Section 12 of this Prospectus.

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Cash flows from operating activities			
PBT	14,010	16,780	17,811
Adjustments for:			
Depreciation of property, plant and equipment	1,920	2,193	3,068
Amortisation/depreciation of investment properties	325	414	361
Net gain on disposal of investment properties	(407)	(195)	-
Gain on disposal of non-current assets held for sale	-	-	(1,170)
Gain on disposal of property, plant and equipment	(11)	(4)	(22)
(Gain)/Loss on disposal of available-for-sale financial assets	(15)	211	-
Available-for-sale asset written off	-	-	48
Gain on disposal of investment in an associated company	(300)	-	-
Interest expenses	2,396	2,240	1,783
Interest income	(448)	(415)	(570)
Net allowance of impairment loss on trade receivables	760	-	-
Accretion of interest from discounting of trade receivables ⁽¹⁾	(1,139)	(1,366)	(1,889)
Discounting of trade payables ⁽²⁾	(159)	(805)	(473)
Discounting of trade receivables ⁽¹⁾	948	1,931	1,986
Unwinding of interest from discounting of trade payables ⁽²⁾	194	159	927
Operating profit before working capital changes	18,074	21,143	21,860
Changes in working capital:			
Receivables	(10,921)	(8,977)	(6,863)
Payables	3,586	(4,368)	(339)
Contract assets/liabilities	3,799	2,858	11,790
Cash generated from operations	14,538	10,656	26,448

11. FINANCIAL INFORMATION (Cont'd)

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Cash generated from operations	14,538	10,656	26,448
Interest received	448	415	570
Income tax paid	(2,962)	(4,692)	(5,105)
Net operating cash flows	12,024	6,379	21,913
Cash flows from investing activities			
Buildings under construction	(5,031)	(1,577)	-
Purchase of property, plant and equipment	(1,231)	(894)	(828)
Purchase of investment properties	(4,509)	(78)	-
Proceeds from disposal of property, plant and equipment	19	15	22
Proceeds from disposal of investment properties	829	4,330	3,619
Proceeds from disposal of investment in associated company	1,200	-	-
Proceeds from disposal of available-for-sale financial assets	50	186	-
Net investing cash flows	(8,673)	1,982	2,813
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	-	-	-
Interests paid	(2,397)	(2,241)	(1,783)
Net change in amount due to directors	(650)	-	-
Net change in amount due to a shareholder	(326)	-	-
Fixed deposits pledged as security values	(3,199)	(4,024)	(8,200)
Net change in other short-term borrowings	578	(1,637)	1,417
Net change in Islamic term financing	646	(211)	(117)
Repayment of term loans	(214)	(235)	(1,346)
Drawdown of term loans	-	1,873	-
Net change in finance lease liabilities	(1,392)	(1,831)	(4,342)
Net financing cash flows	(6,954)	(8,306)	(14,371)

11. FINANCIAL INFORMATION (Cont'd)

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Net change in cash and cash equivalents	(3,603)	55	10,355
Cash and cash equivalents at the beginning of the financial year	(6,077)	(9,680)	(9,625)
Cash and cash equivalents at the end of the financial year	(9,680)	(9,625)	730

Notes:

- (1) In compliance with the MFRS, the total trade receivables are fair valued at the financial year end. The value of the non-current trade receivables are discounted to its present value at the financial year end. The difference between the future value and present value of the non-current trade receivables is set off against the revenue of the Group and recognised as other income (known as effect of accretion of interest from discounting of trade receivables) in the statements of comprehensive income over the periods in which the non-current trade receivables become due and collectible in the future.
- (2) In compliance with the MFRS, the total trade payables are fair valued at the financial year end. The value of the non-current trade payables is discounted to its present value at the financial year end. The difference between the future value and present value of the non-current trade payables is set off against the cost of sales of the Group and recognised as finance costs (known as effect of unwinding of interest from discounting of trade payables) in the statements of comprehensive income over the periods in which the non-current trade payables become due and payable in the future.

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11. FINANCIAL INFORMATION (Cont'd)**11.1.2 Pro forma financial information****(a) Pro forma consolidated statements of comprehensive income**

The following table sets out a summary of the pro forma consolidated statement of comprehensive income for FYE 2016, which has been prepared based on the audited financial statements of IBGB and IBSB on the assumption that our Group structure has been in existence throughout FYE 2016.

The pro forma consolidated statements of comprehensive income is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' report together with the notes and assumptions accompanying the Pro forma Consolidated Financial Information as set out in Section 13 of this Prospectus.

	Pro forma
	FYE 2016
	RM'000
Revenue	257,136
Cost of sales	(229,411)
GP	27,725
Other income	4,259
Administrative expenses	(11,557)
Other operating expenses	(48)
Profit from operations	20,379
Finance costs	(2,710)
PBT	17,669
Income tax expense	(5,085)
PAT	12,584
EBIT ⁽¹⁾	19,809
EBITDA ⁽¹⁾	23,238
GP margin (%)	10.78
PBT margin (%)	6.87
PAT margin (%)	4.89
Effective tax rate (%)	28.78
Basic EPS (sen) ⁽²⁾	2.94
Diluted EPS (sen) ⁽³⁾	2.35

Notes:

⁽¹⁾ EBIT and EBITDA are calculated as follows:

	Pro forma
	FYE 2016
	RM'000
PAT	12,584
Less:	
Interest income	(570)
Add:	
Finance costs	2,710
Income tax expense	5,085
EBIT	19,809
Add:	
Depreciation and amortisation	3,429
EBITDA	23,238

11. FINANCIAL INFORMATION (Cont'd)

- (2) Calculated based on our PAT divided by the share capital of 428,207,200 Shares before our IPO.
- (3) Calculated based on our PAT divided by the enlarged share capital of 535,259,000 Shares after our IPO.

(b) Pro forma consolidated statements of financial position

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group based on our audited statements of financial position as at 31 December 2016 to show the effects of the Acquisition of IBSB and Public Issue.

The pro forma consolidated statements of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' report together with the notes and assumptions accompanying the Pro forma Consolidated Financial Information as set out in Section 13 of this Prospectus.

	IBGB	I	II	III
	As at 31 December 2016	After Acquisition of IBSB	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	15,660	15,660	20,660
Investment properties	-	18,924	18,924	18,924
Trade receivables	-	29,128	29,128	29,128
Total non-current assets	-	63,712	63,712	68,712
Current assets				
Trade and other receivables	-	97,744	97,744	97,744
Contract assets	-	21,979	21,979	21,979
Cash and short-term deposits	(1)-	30,384	53,947	39,947
	(1)-	150,107	173,670	159,670
Non-current assets held for sale	-	1,398	1,398	1,398
Total current assets	(1)-	151,505	175,068	161,068
TOTAL ASSETS	(1)-	215,217	238,780	229,780
EQUITY AND LIABILITIES				
Equity attributable to owners of IBGB				
Share capital / Contributed share capital	(1)-	42,821	68,623	68,623
Reorganisation reserve	-	(34,773)	(34,773)	(34,773)
(Accumulated Losses)/ Retained earnings	(152)	47,347	45,108	45,108
Total equity	(152)	55,395	78,958	78,958

11. FINANCIAL INFORMATION (Cont'd)

	IBGB	I	II	III
	As at 31 December 2016	After Acquisition of IBSB	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Deferred tax liabilities		106	106	106
Loans and borrowings	-	9,382	9,382	9,382
Trade payables	-	4,415	4,415	4,415
Total non-current liabilities	-	13,903	13,903	13,903
Current liabilities				
Loans and borrowings	-	23,507	23,507	14,507
Trade and other payables	152	94,026	94,026	94,026
Contract liabilities	-	25,438	25,438	25,438
Current tax liabilities	-	2,948	2,948	2,948
Total current liabilities	152	145,919	145,919	136,919
TOTAL LIABILITIES	152	159,822	159,822	150,822
TOTAL EQUITY AND LIABILITIES				
	(1)_	215,217	238,780	229,780
Number of Shares in issue ('000)	(2)_	428,207	535,259	535,259
NA/(NL)	(152)	55,395	78,958	78,958
NA/(NL) per Share (RM)	(1,519.90)	0.13	0.15	0.15
Borrowings (All interest bearing debts)	-	32,889	32,889	23,889
Gearing (times) ⁽³⁾	-	0.59	0.42	0.30
Current ratio (times) ⁽⁴⁾	-	1.04	1.20	1.18

Notes:

(1) Representing RM10.00 only.

(2) Representing 100 shares only.

(3) Calculated based on the total borrowings (i.e. finance lease payables and bank borrowings) of our Group divided by the total equity of our Group.

(4) Calculated based on total current assets divided by total current liabilities of our Group.

(c) Pro forma consolidated statements of cash flows

The following table sets out the pro forma consolidated statement of cash flows for FYE 2016, which have been prepared based on the audited financial statements of IBGB and IBSB on the assumption that our Group structure has been in existence throughout FYE 2015 and adjusted for the Public Issue and utilisation of proceeds.

11. FINANCIAL INFORMATION (Cont'd)

The pro forma consolidated statement of cash flows is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' report together with the notes and assumptions accompanying the Pro forma Consolidated Financial Information as set out in Section 13 of this Prospectus.

	Pro forma
	FYE 2016
	RM'000
Cash flows from operating activities	
PBT	17,669
Adjustments for:	
Depreciation of property, plant and equipment	3,068
Amortisation/depreciation of investment properties	361
Gain on disposal of investment properties	(1,170)
Gain on disposal of property, plant and equipment	(22)
Loss on disposal of available-for-sale financial assets	48
Interest expenses	1,783
Interest income	(570)
Accretion of interest from discounting of trade receivables ⁽¹⁾	(1,889)
Discounting of trade payables ⁽²⁾	(473)
Unwinding of interest from discounting of trade payables	927
Discounting of trade receivables	1,986
Operating profit before working capital changes	21,718
Changes in working capital:	
Receivables	(6,715)
Payables	(345)
Contract assets/liabilities	11,790
Cash generated from operations	26,448
Interest received	570
Income tax paid	(5,105)
Net operating cash flows	21,913
Cash flows from investing activities	
Purchase of property, plant and equipment	(828)
Proceeds from disposal of property, plant and equipment	22
Proceeds from disposal of investment properties	3,619
Net investing cash flows	2,813
Cash flows from financing activities	
Proceeds from the Public Issue	26,763
Utilisation of proceeds	(17,200)
Proceeds from issuance of ordinary shares ⁽³⁾	-
Interests paid	(1,783)
Fixed deposits pledged as security values	(8,200)
Net change in other short-term borrowings	1,417
Net change in Islamic term financing	(117)
Repayment of term loans	(1,346)
Drawdown of term loans	-
Net change in finance lease liabilities	(4,342)
Net financing cash flows	(4,808)
Net change in cash and cash equivalents	19,918
Cash and cash equivalents at the beginning of the financial year	(9,625)
Cash and cash equivalents at the end of the financial year	10,293

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) In compliance with the MFRS, the total trade receivables are fair valued at the financial year end. The value of the non-current trade receivables are discounted to its present value at the financial year end. The difference between the future value and present value of the non-current trade receivables is set off against the revenue of the Group and recognised as other income (known as effect of accretion of interest from discounting of trade receivables) in the statements of comprehensive income over the periods in which the non-current trade receivables become due and collectible in the future.
- (2) In compliance with the MFRS, the total trade payables are fair valued at the financial year end. The value of the non-current trade payables is discounted to its present value at the financial year end. The difference between the future value and present value of the non-current trade payables is set off against the cost of sales of the Group and recognised as finance costs (known as effect of unwinding of interest from discounting of trade payables) in the statements of comprehensive income over the periods in which the non-current trade payables become due and payable in the future.
- (3) Representing RM8.00 only.

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11. FINANCIAL INFORMATION (Cont'd)

11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion of our business, financial condition and results of operations for the past 3 FYEs 2014 to 2016 refers to the historical audited financial information of IBSB. Our audited financial statements have been prepared in accordance with MFRS and IFRS for the FYEs 2014 to 2016.

The following discussion and segmental analysis of our audited results for the FYEs 2014 to 2016 should be read in conjunction with the Accountants' Report included in Section 12 of this Prospectus.

The discussion and analysis contains data derived from our audited results as well as forward-looking statements that involve risks and uncertainties. The actual results may differ significantly from those projected in the forward looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this prospectus, particularly the risk factors that may have a significant impact on our future performances as set in Section 4 of this Prospectus.

11.2.1 Overview of our operations**(a) Principal activities**

Our Group is principally engaged in the securing and carrying out of construction contracts. Please refer to Section 6 of this Prospectus for our Group's detailed business overview.

Moving forward, we will continue to focus on our current principal activities. As part of our future plans as set out in Section 6.3 of this Prospectus, we will inter-alia, continue to improve on our profile by tendering for building construction projects with higher contract value and undertake the identified capital expenditure to purchase the relevant machinery and equipment to support our business expansion.

Please refer to Section 4 of this Prospectus for the risk factors that may affect our revenue and financial performance.

(b) Revenue

Our Group's revenue for the financial years under review was derived from the provision of building construction works. The building construction services offered by our Group can be categorised into 2 main segments namely residential and non-residential properties.

Please refer to Section 6 of this Prospectus for our Group's detailed business overview.

Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

When the outcome of a construction contract can be reliably estimated, contract revenue is recognised as revenue by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date in proportion to the estimated total contract costs.

11. FINANCIAL INFORMATION (Cont'd)

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

(c) Cost of sales

Our cost of sales mainly comprises raw material costs, direct labour, subcontractor cost and preliminaries, details as follows:

(i) Raw material

Our Group's raw materials mainly consist of construction materials such as steel bars, ready-mixed concrete, tiles, timber and plywood, bricks, reinforced mesh, cement, sand and sanitary items. These raw materials are widely available in Malaysia and sourced from our large base of pre-qualified suppliers.

We generally purchase our raw materials based on our projects' requirements. These raw materials are sourced from local suppliers, selected based on the pricing, availability and lead time for delivery. Whilst we have maintained long term business relationship with our pre-qualified list of suppliers, we also source for raw materials from new suppliers, if the need arises.

(ii) Direct labour cost

Our direct labour cost comprises wages for workers who are employed directly by us and those outsourced from domestic labour subcontractors.

(iii) Subcontract cost

We engage subcontractors for various specialist works such as M&E works, plumbing, painting, roofing, mild steel works, aluminium works, road works and sewerage. As subcontractor costs constitute a major component in our cost of sales, we practise a prudent selection process before engaging our subcontractors.

(iv) Preliminaries

Preliminaries are general miscellaneous expenses arising from the general conditions and methods to complete the project. These costs are not identifiable to any work stages in the construction contract. Such costs may either be "one-off" fixed costs, such as the costs of insurances, temporary accommodation, temporary office, project signboard, site hoarding and CIDB levy. It also includes costs such as diesel, utilities, removal of rubbish, rental expense of machinery, equipment and vehicles and costs related to safety, health and welfare.

When the outcome of a construction contract can be reliably estimated, contract costs are recognised as expenses by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date in proportion to the estimated total contract costs. Costs incurred 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.

11. FINANCIAL INFORMATION (Cont'd)

When the outcome of a construction contract cannot be reliably estimated, contract cost is recognised as expense in the period which it is incurred.

Irrespective of whether the outcome of a construction contract can be reliably estimated, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Provision is made for all anticipated losses on construction work. Provision for warranties is made for expected/estimated repair costs for making good certain defects and damages during the warranty periods.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from clients for contract works in the financial position. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to clients for contract works in the financial position.

(d) Other income

Other income includes primarily interest income on fixed deposit, rental income, gain on the disposal of assets (if any) and the effect of accretion of interest from the discounting of trade receivables. The accretion of interest from the discounting of trade receivables arises from the discounting of non-current trade receivables to its present value at the financial year end, and the difference between the future value and present value of the non-current trade receivables is recognised as other income (known as effect of accretion of interest from discounting of trade receivables) over the periods in which the non-current trade receivables become due and collectible in the future.

(e) Administrative and other operating expenses

Our administrative and other operating expenses comprise expenses that are not directly allocated to projects, including but not limited to non-project specific staff costs, directors' remuneration, depreciation and amortisation of property, plant and equipment, loss on the disposal of assets (if any) and bad debts written off and impairment of trade receivables (if any).

(f) Finance costs

Our finance costs comprise interest expense on borrowings and effect of unwinding of interest from discounting of trade payables. The unwinding of interest from discounting of trade payables arises from the discounting of non-current trade payables to its present value at the financial year end, and the difference between the future value and present value of the non-current trade payables is recognised as finance costs (known as effect of unwinding of interest from discounting of trade payables) over the periods in which the non-current trade payables become due and payable in the future.

(g) Recent developments

There were no significant events subsequent to our Group's audited financial statements for FYE 2016.

11. FINANCIAL INFORMATION (Cont'd)**(h) Significant factors affecting our business**

Section 4 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect revenues and profits include but are not limited to the following:

(i) Continuity of our order book

Most of our landed construction projects in which we act as a main contractor generally require not more than 2 years to complete whereas projects involving at least 10-storey high generally require between 2 to 3 years to complete. The nature of our business requires us to secure new projects on a continuous basis, and should we fail to do so, the financial performance of our Group may be adversely affected.

(ii) Possible delays in completing our projects

Our Group's revenue is dependent on the timely completion of our projects. However, the completion of projects undertaken by our Group is dependent on many external factors inherent in the construction industry including, inter alia, the timely receipt of requisite licenses, permits or regulatory approvals, availability of construction materials, equipment and labour, availability of financing and satisfactory performance of the appointed sub-contractors. Any adverse developments which lead to the delay in completing our projects may have a negative impact on our Group's financial performance.

(iii) Availability and fluctuation in prices of construction materials

We utilise various construction materials such as steel bars, ready-mixed concrete, tiles, timber and plywood, bricks, reinforced mesh, cement, sand and sanitary items in our construction activities, and are thus dependent on the continuous supply of such construction materials.

Our construction materials are price sensitive, and we may face the risk of obtaining sufficient quantities of construction materials at competitive prices. Price fluctuations in construction materials caused by shortages and price volatility of construction materials, which are beyond our control, could result in increased costs and material adverse effect on our financial performance.

(iv) Competition risk

The construction industry is highly fragmented, and we compete with other companies ranging from small independent firms to larger firms. Some of our competitors may have greater resources than us or specialised expertise in certain segments.

Our financial performance may be materially and adversely affected if we are unsuccessful in bidding for new projects, or if price competition were to intensify, and accordingly our ability to win such projects requires us to accept smaller margins.

11. FINANCIAL INFORMATION (Cont'd)

(i) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYES 2014 to 2016. In addition, our audited financial statements for the 3 financial years under review were not subject to any audit qualifications.

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11. FINANCIAL INFORMATION (Cont'd)**11.2.2 Review of operations****(a) Revenue**

All of our Group's revenue for the FYEs 2014 to 2016 was generated locally by our sole subsidiary, IBSB.

(i) Analysis of revenue by building segment

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%
Residential	200,824	81.70	252,520	92.86	233,027	90.62
Non-residential:						
• Mixed development	45,133	18.36	19,945	7.33	26,092	10.15
• Commercial	341	0.14	565	0.21	-	-
Others ⁽¹⁾	471	0.19	840	0.31	3	0.00
	<u>246,769</u>	<u>100.39</u>	<u>273,870</u>	<u>100.71</u>	<u>259,122</u>	<u>100.77</u>
Less: Effect of discounting of trade receivables ⁽²⁾	(948)	(0.39)	(1,931)	(0.71)	(1,986)	(0.77)
	<u>245,821</u>	<u>100.00</u>	<u>271,939</u>	<u>100.00</u>	<u>257,136</u>	<u>100.00</u>

Notes:

- (1) Mainly includes construction of clubhouse and swimming pool.
- (2) In compliance with the MFRS, the total trade receivables are fair valued at the financial year end. The value of the non-current trade receivables are discounted to its present value at the financial year end. The difference between the future value and present value of the non-current trade receivables is set off against the revenue of the Group and recognised as other income (known as effect of accretion of interest from discounting of trade receivables) in the statements of comprehensive income over the periods in which the non-current trade receivables become due and collectible in the future.

Our revenue was mainly derived from the construction of residential properties, which had consistently accounted for more than 80.0% of our revenue for each of the FYEs 2014 to 2016. The second largest segment in our building portfolio is the construction of mixed development, which accounted for 7.33% to 18.36% of our revenue for the FYEs 2014 to 2016.

11. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of revenue by geographical location**

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%
Klang Valley	183,506	74.65	189,514	69.69	214,112	83.27
Johor	63,226	25.72	84,356	31.02	45,010	17.50
Perak	37	0.02	-	-	-	-
	<u>246,769</u>	<u>100.39</u>	<u>273,870</u>	<u>100.71</u>	<u>259,122</u>	<u>100.77</u>
Less: Effect of discounting of trade receivables ⁽¹⁾	(948)	(0.39)	(1,931)	(0.71)	(1,986)	(0.77)
	<u>245,821</u>	<u>100.00</u>	<u>271,939</u>	<u>100.00</u>	<u>257,136</u>	<u>100.00</u>

Note:

- ⁽¹⁾ In compliance with the MFRS, the total trade receivables are fair valued at the financial year end. The value of the non-current trade receivables are discounted to its present value at the financial year end. The difference between the future value and present value of the non-current trade receivables is set off against the revenue of the Group and recognised as other income (known as effect of accretion of interest from discounting of trade receivables) in the statements of comprehensive income over the periods in which the non-current trade receivables become due and collectible in the future.

For the FYEs 2014 to 2016, more than two-third of our revenue was derived from the Klang Valley, with the balance mainly from Johor. Our revenue from Perak for FYE 2014 was derived from a residential project which was completed in March 2011. Additional revenue was recognised for this project due to the finalisation of the project accounts where the final contract sum arising from variation orders were approved and certified for payment by the client post completion of the project. However, the costs for such variations orders were already fully recognised in the previous financial years as it is common in the construction industry that the contractor commences the variation works before finalisation of the variation order with the client.

(iii) Commentary on revenue**Comparison between FYE 2014 and FYE 2015**

In the FYE 2015, we recorded an increase in revenue of RM26.12 million or 10.63% from RM245.82 million in the FYE 2014 to RM271.94 million in the FYE 2015.

The increase was mainly attributable to higher revenue generated from the residential segment which recorded an increase of RM51.70 million or 25.74% from RM200.82 million in the FYE 2014 to RM252.52 million in the FYE 2015. This was partially offset by the decrease in revenue for the mixed development segment of RM25.19 million.

11. FINANCIAL INFORMATION (Cont'd)

The increase in revenue for the FYE 2015 was mainly contributed by the following projects:

Project	Revenue		Increase / (Decrease) RM'000
	FYE 2014 RM'000	FYE 2015 RM'000	
Residential			
2 blocks of 14-storey apartment (Phase 2) at Jade Hills, Kajang, Selangor	6,225	32,490	26,265
158 units of 2-storey terrace house and 36 units of 3-storey cluster house at Tropicana Heights Kajang (Phase 2 Parcel 1)	(1)-	23,636	23,636
96 units of 2-storey terrace house (Parcel 1A – Package 4) at Puteri Harbour, Johor	904	19,410	18,506
67 units of 2-storey and 3-storey terrace house (Parcel 1A – Package 3) at Puteri Harbour, Johor	3,422	19,825	16,403
38 units and 40 units of 2-storey and 3 storey semi-detached houses (Phase 5A1 and 5A2) at Horizon Hills, Mukim Pulau, Johor	12,262	28,634	16,372
150 units of 2-storey and 3-storey terrace house at Puchong, Selangor (Phase 2C)	(1)-	15,944	15,944
44 units of 3-storey semi-detached house and 5 units of 3-storey bungalow (Phase 4A) and 24 units of 3-storey semi-detached house (Phase 3B-2) at Mukim Cheras, Daerah Hulu Langat, Selangor known as <i>Twin Palms Sungai Long</i>	368	10,720	10,352
45 units of bungalow (Phase 2) at Bukit Palma Kemensah, Mukim Hulu Klang, Daerah Gombak, Selangor	15,836	22,533	6,697
120 units of 2-storey and 3-storey cluster house (Phase 3C) at Horizon Hills, Mukim Pulau, Johor	28,962	11,314	(17,648)

11. FINANCIAL INFORMATION (Cont'd)

Project	Revenue		Increase /
	FYE 2014	FYE 2015	(Decrease)
	RM'000	RM'000	RM'000
75 units of 3-storey terrace house at Symphony Hills, on Zone Flagship Cyberjaya, Mukim Dengkil, Daerah Sepang, Selangor	16,939	3,944	(12,995)
17 units of 2-storey and 3-storey bungalow (phase 1A-2), 18 units of 2-storey bungalow (phase 1B) and 22 units of 2-storey bungalow at Bukit Palma Kemensah, Mukim Hulu Klang, Daerah Gombak, Selangor	21,801	1,230	(20,571)
81 units of townvilla and 36 units of apartment at Taman Melawati, Hulu Kelang, Selangor	39,390	32,976	(6,414)
1 unit of 3-storey bungalow at Lot PT 127, Jalan Langgak Tunku, Bukit Tunku, Kuala Lumpur	7,653	50	(7,603)
92 units of 2-storey and 3-storey of cluster house (Phase 2D2) at Horizon Hills, Mukim Pulai, Johor	8,992	889	(8,103)
85 units of 2-storey terrace house (Phase 4A) at Horizon Hills, Mukim Pulai, Johor	6,755	3,021	(3,734)
36 units of 3-storey semi-detached house and 1 unit of 3-storey bungalow (Phase 3B-1) at Twin Palm, Mukim Cheras, Daerah Hulu Langat, Selangor	12,014	7,227	(4,787)
Total - residential	181,523	233,843	52,320
Mixed development			
2 blocks commercial suites known as <i>Amanja</i> at Sri Damansara, Selangor	(1)-	11,839	11,839
4 blocks, comprising basement car park, shops, SOHO units, restaurants, and hotel suites known as <i>Emerald Avenue</i> on Lot 25670-25686 & 2346 Bandar Selayang, Mukim Batu, Daerah Gombak, Selayang, Selangor	45,133	8,105	(37,028)
Total – mixed development	45,133	19,944	(25,189)

11. FINANCIAL INFORMATION (Cont'd)**Note:**

(1) These projects commenced in FYE 2015.

Comparison between FYE 2015 and FYE 2016

In the FYE 2016, we recorded a decrease in revenue of RM14.80 million or 5.44% from RM271.94 million in the FYE 2015 to RM257.14 million in the FYE 2016.

The decrease was mainly attributable to lower revenue generated from the residential segment which recorded a decrease of RM19.49 million or 7.72% from RM252.52 million in the FYE 2015 to RM233.03 million in the FYE 2016. This was partially offset by the increase in revenue for the mixed development segment of RM6.14 million.

The decrease in revenue for the FYE 2016 was mainly contributed by the following projects:

Project	Revenue		Increase / (Decrease)
	FYE 2015	FYE 2016	
	RM'000	RM'000	RM'000
Residential			
67 units of 2-storey and 3-storey terrace house (Parcel 1A – Package 3) at Puteri Harbour, Johor	19,825	12,369	(7,456)
45 units of bungalow (Phase 2) at Bukit Palma Kemensah, Mukim Hulu Klang, Daerah Gombak, Selangor	22,533	3,142	(19,391)
38 units and 40 units of 2-storey and 3 storey semi-detached house (Phase 5A1 and 5A2) at Horizon Hills, Mukim Pulau, Johor	28,634	10,054	(18,580)
2 blocks of 14-storey apartment (Phase 2) at Jade Hills, Kajang, Selangor	32,490	19,063	(13,427)
120 units of 2- storey and 3-storey cluster house (Phase 3C) at Horizon Hills, Mukim Pulau, Johor	11,314	1,045	(10,269)
36 units of 3-storey semi-detached house and 1 unit of 3-storey bungalow (Phase 3B-1) at Twin Palm, Mukim Cheras, Daerah Hulu Langat, Selangor	7,227	353	(6,874)

11. FINANCIAL INFORMATION (Cont'd)

Project	Revenue		Increase / (Decrease)
	FYE 2015	FYE 2016	
	RM'000	RM'000	RM'000
<u>Residential</u>			
44 units of semi-detached house and 5 units of bungalow (Phase 4A) and 24 units semi-detached house (Phase 3B-2) at Mukim Cheras, Daerah Hulu Langat, Selangor	10,720	5,475	(5,245)
7 units of double-storey bungalow (Phase 6A1) at Jade hill, Mukim Kajang, Daerah Hulu Langat, Selangor	3,299	397	(2,902)
150 units of 2-storey terrace house (Phase 2-1B) at Kota Kemuning, Selangor	1	27,708	27,707
104 units of 2-storey terrace house P2-1A at Kota Kemuning, Selangor	2	19,399	19,397
150 units of 2-storey and 3-storey terrace house at Puchong, Selangor (Phase 2C)	15,944	33,177	17,233
17 units of bungalow and 20 units of semi-detached house (Phase 4A) at Kinrara Residence, Puchong, Selangor	259	976	717
Total - residential	152,248	133,158	(19,090)
<u>Mixed development</u>			
2 blocks commercial suites known as <i>Amanja</i> at Sri Damansara, Selangor	11,839	24,594	12,755
4 blocks, comprising basement car park, shops, SOHO units, restaurants, and hotel suites known as <i>Emerald Avenue</i> on Lot 25670-25686 & 2346 Bandar Selayang, Mukim Batu, Daerah Gombak, Selayang, Selangor	8,105	1,498	(6,607)
Total – mixed development	19,944	26,092	6,148

11. FINANCIAL INFORMATION (Cont'd)**(b) Cost of sales, GP and GP margin**

We price our construction projects based on a cost estimate, and under the terms of certain of our contracts, the prices we submit in our tender bid or negotiate in our contracts are fixed, with the exception of any approved variation orders. As such, our GP and GP margin is much dependent on the accuracy of our pricing during the tender and/or negotiation stage. Our cost estimate is based on inter-alia, the availability and costs of raw materials and equipment, subcontracting costs, project period, labour costs, as well as the complexity and scale of the construction project.

(i) Analysis of cost of sales by cost items

The major items of our cost of sales are as follows:

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%
Raw material	65,988	29.63	82,783	33.71	82,917	36.14
Direct labour cost	38,715	17.39	38,290	15.59	34,288	14.95
Subcontractor cost	83,100	37.32	91,522	37.27	77,252	33.68
Preliminaries	35,036	15.73	33,785	13.76	35,427	15.44
	<u>222,839</u>	<u>100.07</u>	<u>246,380</u>	<u>100.33</u>	<u>229,884</u>	<u>100.21</u>
Less: Effect of discounting of trade payables ⁽¹⁾	(159)	(0.07)	(805)	(0.33)	(473)	(0.21)
	<u>222,680</u>	<u>100.00</u>	<u>245,575</u>	<u>100.00</u>	<u>229,411</u>	<u>100.00</u>

Note:

- ⁽¹⁾ In compliance with the MFRS, the total trade payables are fair valued at the financial year end. The value of the non-current trade payables is discounted to its present value at the financial year end. The difference between the future value and present value of the non-current trade payables is set off against the cost of sales of the Group and recognised as finance costs (known as effect of unwinding of interest from discounting of trade payables) in the statements of comprehensive income over the periods in which the non-current trade payables become due and payable in the future.

The major components of our construction project costs are raw material cost, direct labour cost and subcontractor cost. Collectively, these major cost components constitute more than 80% of our total cost of sales for each of the FYEs 2014 to 2016.

Other cost element includes preliminaries which relate to general miscellaneous expenses comprising costs such as tender bond, performance bond, insurances, temporary accommodation, temporary office, project signboard, site hoarding, utilities costs, removal of rubbish, plants, tools and vehicles and costs related to safety, health and welfare.

11. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of cost of sales by building segment**

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%
Residential	179,897	80.79	226,889	92.39	204,581	89.18
Non-residential						
• Mixed development	42,652	19.15	18,487	7.53	24,852	10.83
• Commercial	(1)	(1)	205	0.08	204	0.09
Others	290	0.13	799	0.33	247	0.11
	222,839	100.07	246,380	100.33	229,884	100.21
Less: Effect of discounting of trade payables ⁽²⁾	(159)	(0.07)	(805)	(0.33)	(473)	(0.21)
	222,680	100.00	245,575	100.00	229,411	100.00

Notes:

- (1) There were no costs of sales recognised for the commercial segment as all commercial projects were completed and no additional costs were incurred for commercial projects in FYE 2014. Although there was revenue generated for the commercial segment for FYE 2014, the additional revenue mainly relates to finalisation of the project accounts where the final contract sum arising from variation orders were approved and certified for payment by the client post completion of the projects. However, the costs for such variations orders were already fully recognised in the previous financial years.
- (2) In compliance with the MFRS, the total trade payables are fair valued at the financial year end. The value of the non-current trade payables is discounted to its present value at the financial year end. The difference between the future value and present value of the non-current trade payables is set off against the cost of sales of the Group and recognised as finance costs (known as effect of unwinding of interest from discounting of trade payables) in the statements of comprehensive income over the periods in which the non-current trade payables become due and payable in the future.

Our cost of sales for each of the FYEs 2014 to 2016 was mainly attributable to the cost of constructing residential properties. This corresponds to our revenue segmentation whereby more than 80.0% of our revenue was mainly derived from the construction of residential properties for each of the FYEs 2014 to 2016.

11. FINANCIAL INFORMATION (Cont'd)**(iii) Analysis of cost of sales by geographical locations**

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%
Klang Valley	164,724	73.97	171,853	69.98	194,938	84.97
Johor	58,115	26.10	74,527	30.35	34,946	15.24
Perak	(1) -	(1) -	-	-	-	-
	222,839	100.07	246,380	100.33	229,884	100.21
Less: Effect of discounting of trade payables ⁽²⁾	(159)	(0.07)	(805)	(0.33)	(473)	(0.21)
	222,680	100.00	245,575	100.00	229,411	100.00

Notes:

- (1) There were no costs of sales recognised as the project in Perak was competed on March 2011. Additional revenue was recognised for this project due to the finalisation of the project accounts where the final contract sum arising from variation orders were approved and certified for payment by the client post completion of the project. However, the costs for such variations orders were already fully recognised in the previous financial years.
- (2) In compliance with the MFRS, the total trade payables are fair valued at the financial year end. The value of the non-current trade payables is discounted to its present value at the financial year end. The difference between the future value and present value of the non-current trade payables is set off against the cost of sales of the Group and recognised as finance costs (known as effect of unwinding of interest from discounting of trade payables) in the statements of comprehensive income over the periods in which the non-current trade payables become due and payable in the future.

More than two-third of our cost of sales for the FYEs 2014 to 2016 were derived from the Klang Valley, with the balance from Johor. This corresponds to our revenue segmentation whereby between 69.69% to 83.27% of our revenue was derived from the Klang Valley, while between 17.50% to 31.02% of our revenue was derived from Johor for the financial years under review.

11. FINANCIAL INFORMATION (Cont'd)**(iv) Analysis of GP and GP margin by building segment**

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%
Residential	20,927	10.42	25,631	10.15	28,446	12.21
Non-residential						
• Mixed development	2,481	5.50	1,458	7.31	1,240	4.75
• Commercial	341	⁽¹⁾ 100.00	360	⁽¹⁾ 63.72	(204)	NA
Others	181	⁽¹⁾ 38.43	41	4.88	(244)	NA
	<u>23,930</u>	<u>9.70</u>	<u>27,490</u>	<u>10.04</u>	<u>29,238</u>	<u>11.28</u>
Less: Net effect of discounting of trade receivables and trade payables	(789)		(1,126)		(1,513)	
	<u>23,141</u>	<u>9.41</u>	<u>26,364</u>	<u>9.69</u>	<u>27,725</u>	<u>10.78</u>

Notes:

NA Not applicable

⁽¹⁾ The high GP margin was mainly caused by finalisation of the project accounts where the final contract sum arising from variation orders were approved and certified for payment by the client post completion of the projects. However, the costs for such variations orders were already fully recognised in the previous financial years.

Our GP and GP margin are dependent on our project mix. In general, projects which are more complex and complicated in terms of building design and architecture will yield a higher GP margin. The GP margins for our Group's residential segment for the financial years under review are better than the GP margins for our non-residential segment mainly because our residential projects are usually more complex with more elaborated architectural designs, high quality finishes and fittings which command higher selling prices and margins. Our non-residential projects for the financial years under review mainly consist of commercial buildings where the design is less complicated and less finishes and fittings are required which therefore command lower GP margins.

Our negative GP in FYE 2016 for the commercial and others segments were attributable to the cost of sales of RM0.20 million and RM0.24 million each mainly due to finalisation of project accounts with our subcontractors post completion of certain projects.

11. FINANCIAL INFORMATION (Cont'd)**(v) Analysis of GP and GP margin by geographical segment**

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%
Klang Valley	18,782	10.24	17,661	9.32	19,174	8.96
Johor	5,111	8.08	9,829	11.65	10,064	22.36
Perak	37	⁽¹⁾ 100.00	-	-	-	-
	23,930	9.70	27,490	10.04	29,238	11.28
Less: Net effect of discounting of trade receivables and trade payables	(789)		(1,126)		(1,513)	
	23,141	9.41	26,364	9.69	27,725	10.78

Note:

- ⁽¹⁾ The GP margin for Perak was 100% as there were no costs of sales recognised as the project in Perak was completed on March 2011. Additional revenue was recognised for this project due to the finalisation of the project accounts where the final contract sum arising from variation orders were approved and certified for payment by the client post completion of the project. However, the costs for such variations orders were already fully recognised in the previous financial years.

(vi) Commentary on cost of sales, GP and GP margin**Comparison between FYE 2014 and FYE 2015**

Our cost of sales increased by RM22.90 million, or 10.28%, from RM222.68 million for FYE 2014 to RM245.58 million for FYE 2015. This was in line with the increase of 10.62% in revenue during the same period.

The increase in cost of sales was mainly contributed by the increase in raw materials costs by RM16.80 million or 25.45% and the increase in subcontractor costs by RM8.42 million or 10.13%.

Our GP increased by RM3.22 million, or 13.92%, from RM23.14 million for FYE 2014 to RM26.36 million for FYE 2015. Our overall GP margin remained consistent at 9.69% for FYE 2015 as compared to 9.41% in FYE 2014.

The increase in GP was mainly contributed by the increase in GP for our residential segment by RM4.70 million or 22.48% as compared to FYE 2014. The increase in GP for the residential segment was mainly contributed by the following residential projects:

Project	GP/ GP Margin		Increase / (Decrease)
	FYE 2014	FYE 2015	
	RM'000/%	RM'000/%	
Residential			
81 units of townvilla and 36 units of apartment at Taman Melawati, Hulu Kelang, Selangor	negligible	5,013 / 15.20	5,013 / 15.20

11. FINANCIAL INFORMATION (Cont'd)

The improvement in GP for the project of 81 units of townvilla and 36 units of apartment at Taman Melawati, Hulu Kelang, Selangor was due to additional revenue recognised in FYE 2015 as a result of approval for a portion of the variation orders by our client where the cost of the said variation orders were already recognised in the previous financial years.

Comparison between FYE 2015 and FYE 2016

Our cost of sales decreased by RM16.17 million, or 6.58%, from RM245.58 million for FYE 2015 to RM229.41 million for FYE 2016. This was in line with the drop of 5.44% in revenue during the same period.

The decrease in cost of sales was mainly contributed by the decrease in subcontractor costs by RM14.27 million or 15.59% and the drop in direct labour cost by RM4.00 million or 10.45% as compared to FYE 2015.

Our GP increased by RM1.37 million, or 5.20%, from RM26.36 million for FYE 2015 to RM27.73 million for FYE 2016. Our overall GP margin increased to 10.78% for FYE 2016 as compared to 9.69% in FYE 2015.

The increase in GP was mainly contributed by the increase in GP for our residential segment by RM2.82 million or 11.00% as compared to FYE 2015. The increase in GP for the residential segment was mainly contributed by the increase in GP for the project 150 units of 2-storey and 3-storey terrace house at Puchong, Selangor (Phase 2C) and the project 150 units of 2-storey terrace house (Phase 2-1B) at Kota Kemuning, Selangor which saw an increase of GP by RM1.53 million and RM1.39 million in FYE 2016 respectively. The increase was partially offset by the drop in GP for mixed development by RM0.22 million or 15.07% as compared to FYE 2015.

The GP margin for our Johor region improved in FYE 2016 mainly due to the finalisation of various project accounts with our client for our projects in Horizon Hills, Mukim Pulau, Johor. During finalisation of the project accounts, the final contract sum arising from variation orders were approved and certified for payment post completion of the projects. However, the costs for the variation orders were already fully recognised in the previous financial years resulting in the higher GP margin recorded in FYE 2016.

(c) Other income

The breakdown of our other income for the FYEs 2014 to 2016 is as follows:

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%
Fixed deposit interest income	448	13.59	415	14.16	570	13.38
Gain on disposal of investment property	407	12.35	318	10.85	-	-
Gain on disposal of non-current assets held for sale	-	-	-	-	1,170	27.47
Gain on disposal of property, plant and equipment	12	0.36	4	0.14	22	0.52

11. FINANCIAL INFORMATION (Cont'd)

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of investment in an associated company	300	9.10	-	-	-	-
Gain on disposal of available-for-sale financial assets	15	0.46	-	-	-	-
Rental income	670	20.33	818	27.91	602	14.14
Reversal on allowance for impairment losses on trade receivables	300	9.10	-	-	-	-
Effect of accretion of interest from discounting of trade receivables ⁽¹⁾	1,139	34.56	1,366	46.60	1,889	44.35
Others	5	0.15	10	0.34	6	0.14
	3,296	100.00	2,931	100.00	4,259	100.00

Note:

- (1) The accretion of interest from the discounting of trade receivables arises from the discounting of non-current trade receivables to its present value at the financial year end, the difference between the future value and present value of the non-current trade receivables is recognised as other income (known as effect of accretion of interest from discounting of trade receivables) over the periods in which the non-current trade receivables become due and collectible in the future.

Comparison between FYE 2014 and FYE 2015

Other income decreased by RM0.37 million or 11.21%, from RM3.30 million for FYE 2014 to RM2.93 million for FYE 2015. Such decrease was primarily attributable to one-off income recognised in FYE 2014 which did not recur in FYE 2015 such as gain on disposal of investment in an associated company of RM0.30 million and reversal on allowance for impairment losses on trade receivables of RM0.30 million. However, this decrease was partially offset by the increase in the accretion of interest from discounting of trade receivables by RM0.23 million. The accretion of interest refers to the difference between the future value and present value of the non-current trade receivables which is recognised as other income when the non-current trade receivables become due and collectible. As such, the increase in the accretion of interest from discounting of trade receivables is due to the increase in the amount of non-current trade receivables becoming due and collectible in FYE 2015.

Comparison between FYE 2015 and FYE 2016

Other income increased by RM1.33 million or 45.39%, from RM2.93 million for FYE 2015 to RM4.26 million for FYE 2016. This increase was primarily attributable to:

- (i) Increase of RM1.17 million in gain on disposal of non-current assets held for sale arising from the disposal of 5 properties; and
- (ii) Increase of RM0.52 million from the accretion of interest from discounting of trade receivables. As the accretion of interest represents the difference between the future value and present value of the non-current trade receivables, the increase is due to more non-current trade receivables becoming due and collectible in FYE 2016.

11. FINANCIAL INFORMATION (Cont'd)**(d) Administrative and other operating expenses**

The breakdown of our administrative and other operating expenses for FYEs 2014 to 2016 is as follows:

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%
Allowance for LD	149	1.51	-	-	-	-
Bad debts written off and impairment of trade receivables	1,264	12.85	-	-	-	-
Depreciation and amortisation	2,245	22.82	2,607	25.75	3,430	29.93
Directors' remuneration	762	7.75	870	8.59	870	7.59
Entertainment	95	0.96	29	0.29	108	0.94
Insurances	46	0.47	51	0.50	73	0.64
Legal and professional fees	316	3.21	556	5.49	1,024	8.94
Printing and stationery	114	1.16	126	1.24	153	1.33
Staff costs	3,790	38.53	4,328	42.74	4,278	37.32
Travelling costs	59	0.60	83	0.82	68	0.59
Upkeep and maintenance	221	2.25	281	2.78	297	2.59
Utilities	46	0.47	64	0.63	50	0.44
Other administrative expenses ⁽¹⁾	730	7.42	1,121	11.17	1,112	9.69
	9,837	100.00	10,116	100.00	11,463	100.00

Note:

⁽¹⁾ Other administrative expenses mainly consists of tax penalties, donation, quit rent and assessments, bank charges, tender documentation fees, loss on disposal of available-for-sale financial assets and loss on disposal of investment properties.

Comparison between FYE 2014 and FYE 2015

During FYE 2015, we recorded marginal increase in administrative and other operating expenses by RM0.29 million or 2.94%. Such increase was mainly due to higher staff costs, which increased by RM0.54 million in FYE 2015. The increase in staff costs was due to the increase in the number of our employees (excluding construction site workers) from 125 persons to 135 persons which resulted in the increase in staff salaries.

In addition, we also incurred increase in depreciation and amortisation, directors' remuneration and other administrative expenses of RM0.36 million, RM0.11 million and RM0.40 million respectively. The increase was offset by the decrease in bad debts written off and impairment of trade receivables of RM1.26 million.

Our other administrative expenses had increased by RM0.40 million in FYE 2015 mainly due to the RM0.21 million loss on disposal of available-for-sale financial assets incurred for our investment in Mahligai Abadi Sdn Bhd. It was also contributed by the increase in tax penalty of RM0.12 million (total tax penalty for FYE 2015 amounted to RM0.33 million) due to our underestimation of income tax expenses for FYE 2015 and increase of RM0.09 million in tender documentation fees as we have submitted more tenders in FYE 2015. Our financial statements prior to FYE 2014 were prepared based on the private entity reporting standards and we recognised our revenue based on

11. FINANCIAL INFORMATION (Cont'd)

the percentage of completion method where the stage of completion is measured by reference to the progress billings to date to contract sum for each contract. However, we adopted the MFRS in FYE 2014 in preparation for our Listing and our revenue is recognised based on the percentage of completion method where the stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs in compliance with the MFRS. We under estimated our revenue and income tax expense for FYEs 2014 and 2015 as we were still not conversant with the new revenue recognition method adopted as explained above.

Comparison between FYE 2015 and FYE 2016

During FYE 2016, we recorded an increase in administrative and other operating expenses by RM1.34 million or 13.24%. Such increase was mainly due to the increase in our depreciation and amortisation expenses by RM0.82 million as a result of additions to our property, plant and equipment in FYE 2016. The legal and professional fees also increased by RM0.46 million due to the professional fees incurred in FYE 2016 in preparation for our Listing.

(e) Finance cost

The breakdown of our finance cost for FYEs 2014 to 2016 is as follows:

	Audited					
	FYE 2014		FYE 2015		FYE 2016	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on bank borrowings	2,045	78.96	2,019	84.16	1,783	65.79
Interest expense on related party advances	344	13.28	221	9.21	-	-
Effect of unwinding of interest from discounting of trade payables ⁽¹⁾	194	7.49	159	6.63	927	34.21
Others	7	0.27	-	-	-	-
	2,590	100.00	2,399	100.00	2,710	100.00

Note:

⁽¹⁾ The unwinding of interest from discounting of trade payables arises from the discounting of non-current trade payables to its present value at the financial year end, the difference between the future value and present value of the non-current trade payables is recognised as finance costs (known as effect of unwinding of interest from discounting of trade payables) over the periods in which the non-current trade payables become due and payable in the future.

The unwinding of interest from discounting of trade payables refers to the difference between the future value and present value of the non-current trade payables which is recognised as finance costs when the non-current trade payables become due and payable. As such, the increase in the unwinding of interest from discounting of trade payables is due to the increase in the amount of non-current trade payables becoming due and payable in the respective financial years under review.

11. FINANCIAL INFORMATION (Cont'd)

The movements in our interest expense on bank borrowings are consistent with our utilisation of bank borrowings during the financial years under review. Our average interest rates for FYEs 2014 to 2016 is shown below:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
Interest expense on bank borrowings (RM'000)	2,045	2,019	1,783
Average bank borrowing balances as at year end (RM'000) ⁽¹⁾	37,438	40,032	36,474
Average interest rate (%)	5.46	5.04	4.89

Note:

⁽¹⁾ Computed based on the average of the opening and closing bank borrowings balances.

During FYE 2014 and 2015, we incurred interest expense on our related party advances of RM0.34 million and RM0.22 million respectively, based on a fixed interest rate of 8.0% per annum commencing January 2014. Nevertheless, we have fully repaid all our related party advances as at 31 December 2015.

(f) PBT and PBT margin

	Audited		
	FYE 2014	FYE 2015	FYE 2016
PBT (RM'000)	14,010	16,780	17,811
PBT margin (%)	5.70	6.17	6.93

Commentaries on PBT and PBT margin**Comparison between FYE 2014 and FYE 2015**

Our PBT increased by RM2.77 million or 19.70% during FYE 2015, mainly contributed by higher GP of RM26.36 million (FYE 2014: RM23.14 million). As a result of the improvement in our overall GP margin to 9.69% for FYE 2015, our PBT margin also improved to 6.17% in FYE 2015.

Comparison between FYE 2015 and FYE 2016

We recorded an increase in PBT of RM1.03 million or 6.14% during FYE 2016. Such increase was mainly due to higher GP of RM27.73 million (FYE 2015: RM26.36 million) and GP margin of 10.78% recorded in FYE 2016 (FYE 2015: 9.69%). As a result of the improvement in our overall GP margin for FYE 2016, we also recorded a higher PBT margin of 6.93% in FYE 2016 compared to 6.17% in the preceding financial year.

(g) Taxation

Our tax expenses in the pro forma statement of comprehensive income represent the aggregate amount of current tax and deferred tax.

11. FINANCIAL INFORMATION (Cont'd)

Our taxation expense and effective tax rate for FYEs 2014 to 2016 are as follows:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Income tax	3,419	5,362	4,979
Deferred tax liabilities	-	(92)	106
Taxation	3,419	5,270	5,085
Effective tax rate (%)	24.40	31.41	28.55

The applicable statutory tax rate for the 3 financial years under review is 25.0%. Effective year of assessment 2016, the applicable statutory tax rate is 24.0%.

Our effective tax rate for FYE 2015 was 31.41%, higher than the statutory tax rate of 25.0%. This was mainly due to under accrual of income tax expenses in prior financial years of RM0.75 million and certain non-tax deductible expenses of RM0.63 million.

Our effective tax rate for FYE 2016 of 28.55% is higher than the statutory tax rate of 24.0% mainly because of non-deductible expenses of RM0.81 million.

11.2.3 Review of financial position**(a) Assets**

Our assets for the financial years under review comprises of the following:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12,062	14,247	15,660
Investment properties ⁽¹⁾	27,039	19,285	18,924
Available-for-sale financial assets	444	48	-
Trade receivables	25,614	34,561	29,128
Total non-current assets	65,159	68,141	63,712
Current assets			
Trade and other receivables	86,228	85,693	97,892
Contract assets ⁽²⁾	15,896	24,401	21,979
Cash and short-term deposits	14,572	18,263	30,384
	116,696	128,357	150,255
Non-current assets held for sale ⁽³⁾	-	3,847	1,398
Total current assets	116,696	132,204	151,653
TOTAL ASSETS	181,855	200,345	215,365

11. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Investment properties are properties which we own but are not occupying. It is held to earn rental income or for capital appreciation or for both. As disclosed in Section 5.7.1 of this Prospectus, it is common practice in the construction industry for our clients to impose as a term in their Letter of Acceptance, 'contra' payment with the properties under their development up to a specified percentage of the awarded contract value. Our strategy for investment properties received by us via 'contra' and/or purchased by us as show of support for our clients' property development projects is to dispose them in the secondary market within 3 to 5 years from the handover of those completed properties to us. Pending the disposal of such properties, we may rent those properties out to suitable tenants. Please refer to note 5 of Section 12 of this Prospectus for further breakdown of our investment properties.
- (2) Contract assets refer to the amount owing by our customers in which the costs incurred plus recognised profit exceeds the progress billings. Please refer to note 9 of Section 12 of this Prospectus for further details of the contract assets.
- (3) Non-current assets held for sale refer to properties where we are committed to dispose. We have entered into sale and purchase agreements for some of these properties whilst we have identified buyers for the remaining properties. Please refer to note 11 of Section 12 of this Prospectus for further details of our non-current assets held for sale.

Comparison between FYE 2014 and FYE 2015

Our total assets increased by RM18.49 million from RM181.86 million in FYE 2014 to RM200.35 million in FYE 2015. This was mainly due to the increase in our current assets by RM15.50 million and increase in non-current assets by RM2.98 million in FYE 2015. The increase in our current assets was mainly attributable to the increase in contract assets by RM8.51 million, increase in non-current assets held for sale by RM3.85 million and increase in cash and short term deposits by RM3.69 million. The increase in contract assets was due to the timing difference where we have incurred the costs for the projects but have yet to issue the progress billings to our customers such as the project of 81 units of townvilla and 36 units of apartment at Taman Melawati, Mukim Hulu Kelang, Daerah Gombak, Selangor. Additional costs were incurred for the foundation work due to the complexity and hard ground at the construction site which led to variation orders. However, the total variation order amount will only be finalised at the closing of the project accounts upon completion of the project.

The increase in our non-current assets held for sale is because of the transfer of properties from investment properties to non-current assets held for sale. Such properties are captured under non-current assets held for sale as we are committed to dispose them within the financial year. Our non-current assets increased in FYE 2015 by RM2.98 million mainly due to increase in non-current trade receivables by RM8.95 million and increase in property, plant and equipment by RM2.19 million which were partially offset by the drop in investment properties by RM7.75 million and the decrease in available-for-sale financial assets by RM0.40 million. The increase in non-current trade receivables was mainly due to the increase in our revenue and projects undertaken for FYE 2015. The property, plant and equipment increased in FYE 2015 as we purchased additional plant and machineries for our business operations.

11. FINANCIAL INFORMATION (Cont'd)

The drop in investment properties was mainly due to the disposal of our investment properties and transfer of investment properties to be disposed to non-current assets held for sale. The drop in available-for-sale financial assets relates to the disposal of our investment in Mahligai Abadi Sdn Bhd in FYE 2015.

Comparison between FYE 2015 and FYE 2016

Our total assets increased by RM15.02 million from RM200.35 million in FYE 2015 to RM215.37 million in FYE 2016. This was mainly due to the increase in our current assets by RM19.45 million, which was partially offset by the decrease of non-current assets by RM4.43 million.

The increase in our current assets was mainly attributable to the increase in trade and other receivables by RM12.20 million and increase in cash and short term deposits by RM12.12 million. The increase in trade and other receivables was mainly because of the reclassification of non-current trade receivables to current trade receivables as the retention sum becomes receivable within the next 12 months. The increase in current assets was partially offset by the drop in contract assets by RM2.42 million and the decrease in non-current assets held for sale by RM2.45 million. The decrease in contract assets was mainly due to the increase in progress billings to our customers for work completed earlier. The decrease in non-current assets held for sale is because we have completed the sales of the properties held for sale.

However, this is partially offset by our decrease in non-current assets in FYE 2016 by RM4.43 million mainly due to the drop non-current trade receivables by RM5.43 million which was partially offset by the increase in property, plant and equipment by RM1.41 million.

(b) Liabilities

Our liabilities for the financial years under review comprises of the following:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	92	-	106
Loans and borrowings	10,138	11,856	9,382
Trade payables	4,849	11,271	4,415
Total non-current liabilities	15,079	23,127	13,903
Current liabilities			
Trade and other payables ⁽¹⁾	98,487	87,051	94,022
Contract liabilities ⁽²⁾	4,707	16,070	25,438
Loans and borrowings	29,866	28,202	23,507
Current tax liabilities	2,405	3,074	2,948
Total current liabilities	135,465	134,397	145,915
TOTAL LIABILITIES	150,544	157,524	159,818

11. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Included in trade and other payables is accrued project costs amounting to RM18.32 million, RM15.37 million and RM38.16 million for FYE 2014, FYE 2015 and FYE 2016 respectively. Accrued project costs refers to project costs incurred but we have yet to receive tax invoices from our suppliers and as such we accrue for such costs as at end of the financial year.
- (2) Contract liabilities refer to the amount owing to our customers in which the progress billings exceed the costs incurred plus recognised profits. Please refer to note 9 of Section 12 of this Prospectus for further details of the contract liabilities.

Comparison between FYE 2014 and FYE 2015

Our total liabilities increased by RM6.98 million from RM150.54 million in FYE 2014 to RM157.52 million in FYE 2015 due to the increase in non-current liabilities of RM8.05 million which was partially offset by the drop in current liabilities of RM1.07 million. The increase in non-current liabilities was attributable to the increase in non-current trade payables of RM6.42 million mainly due to the increase in our projects undertaken and the progress billings for FYE 2015. It is also attributable to the increase in loans and borrowings by RM1.72 million due to an additional term loan drawn down to partially finance one investment property where the purchase price of the property is more than the 'contra' payment by our client. As a result, we had to utilise borrowings to part finance the purchase of this property.

The drop in current liabilities was mainly contributed by the decrease in trade and other payables of RM11.44 million and loans and borrowings of RM1.67 million, which was partially offset by the increase in contract liabilities of RM11.36 million and tax liabilities of RM0.66 million. The decrease in trade and other payables was mainly due to the repayment of advances from related parties amounting to RM3.91 million, decrease in accrued project costs by RM2.96 million and decrease in trade payables by RM4.27 million. The decrease in accrued project costs is mainly due to the fact that more of our suppliers and subcontractors issued us the tax invoices before the end of FYE 2015. With the receipt of tax invoices, we will record it as trade payables instead of making accruals for such costs. The decrease in trade payables was mainly due to the improvement in our trade payables turnover period where we paid our suppliers faster consistent with faster collections from our customers in FYE 2015.

Contract liabilities refer to a situation where our progress billings exceed the costs incurred plus recognised profits. The increase in the contract liabilities was mainly due to an increase of RM7.04 million for project 158 units of 2-storey terrace house and 36 units of 3-storey cluster house at Tropicana Heights Kajang (Phase 2 Parcel 1). This project involves a lot of nominated subcontractors (those appointed by client). We only certify the costs of these subcontractors after finalisation of our progress billings to the clients. As such our progress billings were higher than the costs incurred because there is a delay in capturing all subcontractor costs, resulting in the contract liabilities.

11. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2015 and FYE 2016

Our total liabilities increased by RM2.30 million from RM157.52 million in FYE 2015 to RM159.82 million in FYE 2016. The increase is mainly due to the increase in current liabilities by RM11.52 million which was partially offset by the decrease in non-current liabilities by RM9.22 million.

The increase in the current liabilities was mainly contributed by the increase in contract liabilities by RM9.37 million and increase in trade and other payables by RM6.97 million. The increase in contract liabilities was mainly due to our progress billings which were higher than the costs incurred due to timing differences in capturing nominated subcontractor costs.

The increase in trade and other payables was mainly because of the reclassification of non-current trade payables to current trade payables as the retention sum becomes payable within the next 12 months. As such, the non-current trade payables decreased correspondingly by RM6.98 million. The drop in loans and borrowing (non-current portion) by RM2.47 million also contributed to the decrease in total non-current liabilities.

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11. FINANCIAL INFORMATION (Cont'd)

11.3 LIQUIDITY AND CAPITAL RESOURCES**11.3.1 Working capital**

Our business requires a significant amount of working capital to finance the purchase of raw materials, payment of labour and the performance of construction work on projects before payment is received from clients.

We have been financing our operations through existing cash and bank balances, cash generated from our operations and external sources of funds. Our external sources of funds mainly comprise term loans, bank overdrafts, trade facilities such as bankers' acceptance and revolving credit and hire purchase financing. As at 31 December 2016, we have:

- (a) Cash and bank balances and short-term deposits placed with licensed banks as security for our banking facilities of approximately RM25.17 million; and
- (b) Banking facilities (excluding finance lease) up to a limit of RM64.80 million, of which RM28.75 million has been drawn.

Based on the pro forma consolidated statements of financial position of our Group as at 31 December 2016 (after the Acquisition of IBSB before the Public Issue), our NA position stood at RM55.40 million and our gearing level is 0.59 times. Our NA position and gearing level after the Acquisition of IBSB and Public Issue (and utilisation of proceeds) are RM78.96 million and 0.30 times respectively.

Our Board is confident that, after taking into account our gearing and cash flow position as well as the banking facilities currently available to our Group, our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Based on the 3 financial years under review, the total bad debts written off and impairment of trade receivables charged to our statements of comprehensive income amounted to RM1.06 million for 3 debtors. Save for these 3 debtors, our other existing clients have been progressively settling their outstanding balances. Our Finance Department works together closely with our Contract Department for the collection of these outstanding balances. This measure has proven to be effective while maintaining the relationship with our clients.

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11. FINANCIAL INFORMATION (Cont'd)**11.3.2 Review of cash flows****(a) Cash flow summary**

The following table sets out the summary of the audited statements of cash flows of IBSB for the FYEs 2014 to 2016, which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. It should be read in conjunction with the Accountants' Report set out in Section 12 of this Prospectus.

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Net operating cash flows	12,024	6,379	21,913
Net investing cash flows	(8,673)	1,982	2,813
Net financing cash flows	(6,954)	(8,306)	(14,371)
Net change in cash and cash equivalents	(3,603)	55	10,355
Cash and cash equivalents at the beginning of the financial year	(6,077)	(9,680)	(9,625)
Cash and cash equivalents at the end of the financial year	(9,680)	(9,625)	730
Analysis of cash and cash equivalents			
Cash and bank balances	1,624	1,291	5,212
Fixed deposits placed with licensed banks	12,948	16,972	25,172
Bank overdrafts	(11,304)	(10,916)	(4,482)
	3,268	7,347	25,902
Less: Fixed deposits held as security values	(12,948)	(16,972)	(25,172)
	(9,680)	(9,625)	730

(b) Commentary of cash flow**FYE 2014****Net operating cash flows**

For the FYE 2014, our operating cash flows before working capital changes were RM18.07 million. After adjusting for the following key items, our net operating cash flow was RM12.02 million:

- (i) the increase in our revenue for FYE 2014 which had resulted in the increase in our receivables by RM10.92 million and payables by RM3.59 million;
- (ii) decrease of RM3.80 million in contract assets mainly due to the increase in progress billings to our clients for works completed; and
- (iii) interest received of RM0.45 million and income tax paid of RM2.96 million.

11. FINANCIAL INFORMATION (Cont'd)**Net investing cash flows**

We recorded a net cash outflow of RM8.67 million from our investing activities in FYE 2014, mainly due to outflows of RM9.54 million and RM1.23 million as result of the increase in investment properties and to purchase plant and equipment respectively. Such outflow was however, offset by inflows of RM0.83 million and RM1.20 million, being proceeds from the disposal of investment properties and disposal of investment in an associated company respectively.

Net financing cash flows

Our financing activities recorded a net cash outflow of RM6.95 million in FYE 2014. This was mainly due to outflows relating to interest paid of RM2.40 million, additional fixed deposits pledged with financial institutions of RM3.20 million as security for our bank borrowings as well as repayment of our finance lease liabilities by RM1.39 million.

FYE 2015**Net operating cash flows**

For the FYE 2015, our operating cash flows before working capital changes were RM21.14 million. After adjusting for the following key items, our net operating cash flow was RM6.38 million:

- (i) the increase in our revenue for FYE 2015 which had resulted in the increase in our receivables by RM8.97 million;
- (ii) decrease in trade and other payables of RM4.37 million mainly due to the repayment of advances from related parties amounting to RM3.91 million;
- (iii) decrease of RM2.86 million in contract assets mainly due to the increase in progress billings to our clients for works completed; and
- (iv) interest received of RM0.42 million and income tax paid of RM4.69 million.

Net investing cash flows

During FYE 2015, we recorded a net cash inflow of RM1.98 million from our investing activities. This was mainly due to outflows of RM1.66 million and RM0.89 million as a result of the increase in investment properties and to purchase plant and equipment respectively. Such outflow was however, offset by inflow of RM4.33 million, being proceeds from the disposal of investment properties.

Net financing cash flows

Our financing activities recorded a net cash outflow of RM8.31 million in FYE 2015. This was mainly due to outflows relating to interest paid of RM2.24 million, further fixed deposits pledged with financial institutions of RM4.02 million as security for our bank borrowings, repayment of finance lease liabilities by RM1.83 million and repayment of short-term borrowings of RM1.64 million.

The cash outflow was however, offset by draw down of a term loan amounting to RM1.87 million to finance the acquisition of an investment property.

11. FINANCIAL INFORMATION (Cont'd)**FYE 2016****Net operating cash flows**

For the FYE 2016, our operating cash flows before working capital changes were RM21.86 million. After adjusting for the following key items, our net operating cash flow was RM21.91 million:

- (i) increase in our receivables by RM6.86 million mainly due to the increase in the trade receivables (current portion) as more retention sums becomes receivable within the next 12 months;
- (ii) decrease of RM11.79 million in contract assets mainly due to the increase in progress billings to our clients for works completed; and
- (iii) interest received of RM0.57 million and income tax paid of RM5.11 million.

Net investing cash flows

We recorded a net cash inflow of RM2.81 million from our investing activities in FYE 2016, mainly due to inflow of RM3.62 million received from the disposal of investment properties. Such inflows was however, offset by outflow of RM0.83 million to purchase plant and equipment.

Net financing cash flows

Our financing activities recorded a net cash outflow of RM14.37 million in FYE 2016. This was mainly due to outflows relating to interest paid of RM1.78 million, further fixed deposits pledged with financial institutions of RM8.20 million as security for bank borrowings and repayment of finance lease liabilities by RM4.34 million.

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11. FINANCIAL INFORMATION (Cont'd)**11.4 BORROWINGS**

We utilise credit facilities such as overdrafts and trade financing such as bankers' acceptances and revolving credit to partially finance our working capital. In addition, we also utilise term loans to finance our purchase of investment properties as well as outstanding finance lease liabilities, which were used to finance our purchase of motor vehicles and plant and machineries.

We also rely on bank guarantees for tender bonds and performance bonds. Such bank guarantees are used for all aspects of the project construction contract life cycle from the start of the tender process to the expiration of our liability towards the client in accordance with the terms of each respective contract. These guarantee facilities allow us to tender, execute and guarantee our deliverables to our clients. The tenure requirements for these guarantee facilities are structured to match the underlying construction contracts with the respective counterparties.

Our total outstanding bank borrowings as at 31 December 2016 stood at RM32.89 million, details of which are set out below. All our bank borrowings are interest-bearing, and denominated in RM.

	Purpose	Security	Tenure	Interest rate % per annum	As at 31 December 2016	
						RM'000
Interest bearing short-term borrowings, payable within 1 year:						
Bank overdrafts	Working capital	(a) First party and first legal charge over certain properties of IBSB	On demand	7.85% to 8.35%		4,482
Bankers' acceptance	Working capital	(b) Debenture over all fixed and floating present and future assets of IBSB	Up to 120 days	5.51% to 5.67%		15,217
Revolving credit	Working capital	(c) Fixed deposits placed with the licensed banks (d) Joint and several guarantees by certain directors of IBSB	1 year	5.69% to 5.94%		1,000

11. FINANCIAL INFORMATION (Cont'd)

	Purpose	Security	Tenure	Interest rate % per annum	As at 31 December 2016	
						RM'000
Term loans	Purchase of investment properties	(a) First party and first legal charge over certain properties of IBSB (b) Joint and several guarantees by certain directors of IBSB	⁽¹⁾ Ranging from 10 to 25 years from the drawdown date	4.65% to 8.35%		243
Islamic term financing	Purchase of investment properties		⁽²⁾ Ranging from 10 to 30 years from the drawdown date	4.53% to 4.65%		215
Finance lease liabilities	Purchase of motor vehicles and plant and machineries	Motor vehicles and plant and machineries under the finance lease	Ranging from 36 to 60 months from the drawdown date	3.00% to 6.58%		2,350
Interest bearing long-term borrowings, payable after 1 year:						
Term loans	Purchase of investment properties	(a) First party and first legal charge over certain properties of IBSB (b) Joint and several guarantees by certain directors of IBSB	⁽¹⁾ Ranging from 10 to 25 years from the drawdown date	4.65% to 8.35%	Sub-total	23,507
Islamic term financing	Purchase of investment properties		⁽²⁾ Ranging from 10 to 30 years from the drawdown date	4.53% to 4.65%		4,099
Finance lease liabilities	Purchase of motor vehicles and plant and machineries	Motor vehicles and plant and machineries under the finance lease	Ranging from 36 to 60 months from the drawdown date	3.00% to 6.58%		1,791
Total borrowings					Sub-total	32,889
Pro forma gearing (times)						
After Acquisition of IBSB before the Public Issue ⁽³⁾						0.59
After the Public Issue ⁽⁴⁾						0.30

11. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Our term loans comprise 5 separate facilities with varying tenure, details as follows:

Term loan	Tenure	As at 31 December 2016
		RM'000
Term loan 1	16.5 years commencing from October 2011 (fully repaid in FYE 2016)	-
Term loan 2	15 years commencing from March 2013	433
Term loan 3	10 years commencing from April 2013	918
Term loan 4	10 years commencing from November 2013	556
Term loan 5	25 years commencing from May 2015	1,828
		<u>3,735</u>

- (2) Our Islamic term financing comprise 2 separate facilities with varying tenure, details as follows:

Term loan	Tenure	As at 31 December 2016
		RM'000
Islamic term financing 1	10 years commencing from January 2013	1,501
Islamic term financing 2	30 years commencing from February 2013	2,813
		<u>4,314</u>

- (3) Computed based on our pro forma shareholders fund of RM55.40 million in the pro forma consolidated statements of financial position after the Acquisition of IBSB before the Public Issue.

- (4) Computed based on our pro forma shareholders fund of RM78.96 million in the pro forma consolidated statements of financial position after the Acquisition of IBSB and Public Issue (and utilisation of proceeds).

11. FINANCIAL INFORMATION (Cont'd)

Our total financial guarantees as at 31 December 2016 stood at RM18.27 million, details of which are set out below. All our financial guarantees are interest-bearing, and denominated in RM.

Purpose	Security	Tenure	Interest rate % per annum	As at 31 December
				2016 RM'000
Financial guarantees: Bank guarantees	Performance guarantees for contract works carried out by IBSB	Up to 36 months	1.50%	18,269
	(a) First party and first legal charge over certain properties of IBSB (b) Debenture over all fixed and floating present and future assets of IBSB (c) Fixed deposits placed with the licensed banks (d) Joint and several guarantees by certain directors of IBSB			

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our clients of the tender bonds or performance bonds in accordance with the terms and conditions of such construction contracts. During the FYEs 2014 to 2016, we have not experienced any call of the tender bonds or performance bonds issued to our clients.

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11. FINANCIAL INFORMATION (Cont'd)

Our pro forma gearing ratio is expected to improve from 0.59 times (before the Public Issue) to 0.30 times (after the Public Issue and utilisation of proceeds) due to the increase in shareholders' fund arising from the issuance of new Shares pursuant to the Public Issue as well as partial repayment of our bank borrowings from the proceeds of the Public Issue.

Our bank borrowings bear interests or profit payable at the following rates for the past 3 financial years under review:

	FYE 2014	FYE 2015	FYE 2016
	% per annum		
Floating rates			
Bank overdrafts	7.60 to 8.60	7.85 to 8.35	6.65 to 8.15
Revolving credit	5.29 to 5.81	5.69 to 5.94	5.48 to 5.94
Term loans	4.85 to 8.35	4.65 to 8.35	4.65 to 8.35
Islamic term financing	4.50 to 4.60	4.65 to 4.75	4.65 to 4.75
Fixed rates			
Bankers' acceptance	5.35 to 5.59	5.51 to 5.67	5.11 to 5.67

Our finance lease liabilities bear interest at the following rates for the past 3 financial years under review:

	FYE 2014	FYE 2015	FYE 2016
	% per annum		
Fixed rates			
Finance lease liabilities	3.34 to 6.86	3.00 to 6.58	3.00 to 6.58

The following table sets out the maturities of our total borrowings and finance lease liabilities:

	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Bank borrowings			
Within the next 12 months	28,275	26,207	21,157
After the next 12 months:			
• Later than 1 year but not later than 2 years	456	462	480
• Later than 2 years but not later than 5 years	1,496	1,590	1,606
• More than 5 years	5,599	6,969	5,505
	35,826	35,228	28,748
Finance lease liabilities			
Within the next 12 months	1,591	1,995	2,350
After the next 12 months:			
• Later than 1 year but not later than 2 years	1,346	1,581	1,266
• Later than 2 years but not later than 5 years	1,241	1,254	525
	4,178	4,830	4,141

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the FYEs 2014 to 2016 and the subsequent financial period up to LPD.

11. FINANCIAL INFORMATION (Cont'd)

As at the LPD, neither our Group nor our subsidiary is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

Over the FYEs 2014 to 2016, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

11.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, save for our bank borrowings as disclosed in Section 11.4 of this Prospectus, we do not utilise any other financial instruments.

We finance our operations mainly through cash generated from our operations, as well as external sources of funds which mainly comprise bank borrowings. Our bank borrowings (save for our bankers' acceptances and finance lease liabilities) as at 31 December 2016 are priced based on base lending rate plus a rate which varies depending on the different type of bank facility. Our bankers' acceptances and finance lease liabilities as at 31 December 2016 are based on fixed rate.

The principal usage of these banking facilities are for working capital, purchases of fixed assets and investment properties and other operating expenses such as employee expenses and upkeep of property, plant and equipment.

11.6 MATERIAL CAPITAL COMMITMENTS

Save as disclosed below, we do not have any material commitments as at the LPD:

	RM'000
Approved and contracted for:	
Investment properties	1,908
Approved but not contracted for:	
Investment properties	4,645

The above material capital commitments are in relation to investment properties which we have committed to be purchase via 'contra payment' or as support of our clients' property development projects.

11.7 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYEs 2014 to 2016 are as follows:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
Trade receivable turnover (days) ^{(1) (4)}	106	92	97
Trade payable turnover (days) ^{(2) (4)}	118	92	74
Current ratio (times) ⁽³⁾	0.86	0.98	1.04
Gearing ratio (times) ⁽⁵⁾	1.28	0.94	0.59

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Computed based on trade receivables (excluding retention sum) and net of allowances for impairment loss as at year end over revenue for the year multiplied by 365 days for each of the FYEs 2014 to 2016.
- (2) Computed based on trade payables (excluding retention sum) as at year end over costs of sales for the year multiplied by 365 days for each of the FYEs 2014 to 2016.
- (3) Computed based on current assets over current liabilities as at year end for each of the FYEs 2014 to 2016.
- (4) The trade receivable and trade payable turnover have been calculated to exclude retention sum. Retention sum is a percentage (up to a maximum of 5% of the contract sum) of the amount certified as due to the contractor, that is deducted from the amount due and retained by the client. Retention is also applied by the main contractor (as the client) to sub-contractors.
- (5) Computed based on the total borrowings over total equity as at year end for each of the FYEs 2014 to 2016.

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11. FINANCIAL INFORMATION (Cont'd)**11.7.1 Trade receivables turnover**

The ageing analysis of our trade receivables as at 31 December 2016 is as follows:

	Trade receivables as at 31 December 2016		Amount collected subsequent to 31 December 2016 up to the LPD		Trade receivables net of subsequent collections	
	RM'000 (a)	Percentage of trade receivables (a) / total of (a)	RM'000 (b)	Percentage collected (b) / (a)	RM'000 (c)	Percentage of trade receivables net of subsequent collections (c) / total of (c)
Neither past due nor impaired	39,136	31.76	29,390	75.10	9,746	13.05
Past due but not impaired:						
• 1 to 30 days	10,417	8.45	5,868	56.33	4,549	6.09
• 31 to 60 days	7,438	6.04	6,508	87.50	930	1.25
• 61 to 90 days	3,943	3.20	2,982	75.63	961	1.29
• More than 90 days	7,328	5.95	2,289	31.24	5,039	6.75
Retention sum	29,126	23.64	17,647	60.59	11,479	15.38
Impaired	53,900	43.74	1,513	2.81	52,387	70.16
	1,054	0.85	-	-	1,054	1.41
Total	123,216	100.00	48,550	39.40	74,666	100.00

11. FINANCIAL INFORMATION (Cont'd)

The normal credit period granted by our Group in respect of our trade receivables is between 30 to 45 days from the date of tax invoice depending on the terms of the contracts.

Although the credit period as per contractual terms is between 30 to 45 days, there is still a gap between contractual terms and actual collections as indicated in the trade receivable turnover days.

This is mainly due to our clients' lengthy and time consuming internal process involving verification of the architect's certification by various internal departments before payment is processed. Notwithstanding the above, we opt not to extend our credit period in our contracts to reflect the actual practice as clients may take even longer time to pay if longer payment terms are granted.

We use ageing analysis to monitor the credit quality of our trade receivables.

There were no changes to our credit policies and procedures during the financial years under review. The trade receivable turnover period is dependent on the mix of clients and projects undertaken by us during the financial years under review. The changes in our receivable turnover days are dependent on:

- (a) The time taken by the respective clients to verify the architect's certificates. The trade receivable balances will increase if our clients take longer time to verify our architect's certificates and decrease if they take shorter time to verify our architect's certificates. The fluctuation in our trade receivable balances will have an impact on the numerator of our receivable turnover calculation; and
- (b) The outcome of each negotiation with the consultants and clients on our variation orders and final accounts which will have an effect on our overall revenue for any particular financial year. Our clients would normally grant us partial payment of our variation orders and the remaining will only be paid upon finalisation of the project accounts. The fluctuation in our revenue arising from the finalisation of our projects' final accounts will have an impact on the denominator of our receivable turnover calculation.

Our trade receivable turnover period increased from 103 days to 106 days in FYE 2014 mainly due to slightly longer time taken by our clients to verify and finalise our payments. The improvement in the trade receivable turnover period from 106 days in FYE 2014 to 92 days in FYE 2015 are mainly due to faster collection from various projects undertaken by us in FYE 2015 including the construction of 2 blocks of 14-storey apartment (Phase 2) at Jade Hills, Kajang, Selangor, the construction of 158 units of 2-storey terrace house and 36 units of 3-storey cluster house at Tropicana Heights Kajang (Phase 2 Parcel 1) and the construction of 96 units of 2-storey terrace house (Parcel 1A – Package 4) at Puteri Harbour, Johor. The faster collection is attributable to lesser time taken to verify the architect's certificates and quicker processing time incurred by our clients. Our trade receivable turnover period increased to 97 days in FYE 2016 mainly because of the finalisation of various project accounts for projects completed in FYE 2015. The processing time was longer as during finalisation of project accounts, all variation orders have to be approved and certified for payments. The number of completed projects increased from 5 in FYE 2014 to 11 in FYE 2015.

Our management also closely monitors the recoverability of our overdue trade receivables on a regular basis, and, when appropriate, provides for impairment of these trade receivables. As at 31 December 2016, our allowance for impairment loss stood at RM1.05 million.

11. FINANCIAL INFORMATION (Cont'd)

Our Group has not encountered any major disputes with our debtors. We have made allowance for impairment loss in respect of our doubtful debts.

Our allowances for impairment loss for the financial years under review are as follows:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Allowance for impairment loss	2,321	2,321	1,054

Trade receivables that are impaired are debts outstanding for more than 1 year. We provided additional RM1.06 million allowance for impairment in FYE 2014 for 3 debtors where our management is doubtful on its recoverability. Despite numerous follow ups with the clients, the amount outstanding remains unpaid. As such, we have provided the allowances for impairment loss on prudent basis. In FYE 2014, we also recorded a reversal of RM0.30 million for impairment loss made for a specific debtor where part of the impaired debt was collected in FYE 2014, please refer to Section 11.2.2 (c), Other income, of this Prospectus for further details.

The reduction in allowance for impairment loss for FYE 2016 is due to the write-off of bad debts amounting to RM1.27 million which were previously provided. The write-off was done as these debts have been long outstanding and the management do not foresee any possible recoverability from these debtors. The write-off has no financial impact for FYE 2016 as allowance for impairment has already been made for these debtors in the previous financial years.

11.7.2 Trade payables turnover

The ageing analysis of our trade payables as at 31 December 2016 is as follows:

	RM'000	Percentage of trade payables
Within credit period	14,307	24.09
Exceeding credit period:		
• 1 to 30 days	8,321	14.01
• 31 to 60 days	4,902	8.25
• 61 to 90 days	115	0.19
• More than 90 days	18,884	31.79
	32,222	54.24
Retention sum	12,995	21.67
	59,524	100.00

Note:

- (1) Subsequent to 31 December 2016 and up to the LPD, we have paid our creditors excluding the retention sum amounting to RM32.40 million.

The normal credit terms granted by our trade creditors to our Group ranges from 30 to 60 days from the date of tax invoice.

11. FINANCIAL INFORMATION (Cont'd)

The trade payables turnover period improved from 118 days in FYE 2014 to 92 days in FYE 2015 in tandem with the improvement in our trade receivable turnover period for FYE 2015. The improvement in the collections from our clients enabled us to pay our sub-contractors and suppliers faster. Our trade payables turnover period improved to 74 days in FYE 2016 mainly due to faster payment as a result of our positive operating cash flow.

Our trade payable turnover period for the FYEs 2014 to 2016 was beyond the normal credit terms granted by our creditors as a result of our working capital management taking into account, inter-alia, payment from our clients. Nevertheless, as at the LPD, there are no disputes in respect of our trade payables and no legal action has been initiated by our suppliers to demand for payment.

11.7.3 Current ratio

Our current ratio throughout the financial years under review ranged from 0.86 to 1.04 times. Our current ratio was less than 1 time due to our net current liabilities position. The current assets and current liabilities as at FYEs 2014 to 2016 are as follows:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Current assets	116,696	132,204	151,653
Current liabilities	135,465	134,397	145,915
Net current assets/ (liabilities)	(18,769)	(2,193)	5,738
Current ratio (times)	0.86	0.98	1.04

For FYE 2015, our current ratio improved to 0.98 times from 0.86 times in FYE 2014 mainly due to the increase in our current assets as result of the increase in non-current assets held for sale. Although we had net current liabilities as at FYE 2015, we had unutilised credit facilities of RM31.03 million, which was in excess of our net current liabilities position.

For FYE 2016, our current ratio further improved to 1.04 times mainly due to the increase in cash and short-term deposits of RM12.12 million and trade and other receivables of RM12.20 million coupled with the reduced total borrowings (current portion) from RM28.20 million in FYE 2015 to RM23.51 million in FYE 2016.

Our net current liabilities positions for FYEs 2014 to 2015 was primarily due to our short-term borrowings, principally arising from our trade facilities comprising bank overdrafts, bankers' acceptances and revolving credit. Over the FYEs 2014 to 2016, we have not experienced any claw back or reduction in the facilities limit granted to us by our banks.

We have utilised our short-term borrowings to part finance our working capital. As disclosed in Section 5.7.1 of this Prospectus, it is common for our clients to 'contra' payment with the properties under their development up to a specified percentage of the awarded contract value. Such properties received are classified as investment properties under non-current assets, as such there is a mismatch between our collections from our clients and payment to our sub-contractors and suppliers which resulted in our net current liability positions.

11. FINANCIAL INFORMATION (Cont'd)

To further improve our current ratios, we have also embarked on a strategy to liquidate some of our investment properties for cash. As such, included in our current assets as at 31 December 2016 is an amount of RM1.40 million (FYE 2014: Nil, FYE 2015: RM3.85 million) relating to investment properties held by IBSB which have been classified as non-current assets held for sale by virtue of the following:

- (a) IBSB had on various dates entered into separate sale and purchase agreements with various third parties for the disposal of 7 investment properties with carrying amounts of RM2.86 million, for a total consideration of RM4.43 million; and
- (b) IBSB had identified 3 investment properties with carrying amounts of RM0.99 million for sale. Subsequent to FYE 2016, IBSB has identified purchasers for each of the 3 properties. As at the LPD, we are in the midst of executing the relevant sale and purchase agreements with the identified purchasers.

Under our accounting policy, non-current assets held for sale are presented separately as current items in our statement of financial position. The criteria for non-current assets held for sale classification is regarded as met only when:

- (i) The asset is available for immediate sale in its present condition;
- (ii) The management is committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- (iii) The sale is expected to be completed within 1 year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

The consideration from the disposals of the abovementioned investment properties will be utilised to partially reduce our trade facilities. Arising from our strategy to liquidate some of our investment properties, our current ratio has improved from 0.86 times in FYE 2014 to 1.04 times in FYE 2016.

Moving forward, we also propose to utilise RM9.00 million from the proceeds of our Public Issue to partially reduce our short-term borrowings. This will further improve our current ratio, as illustrated by our pro forma financial position as at 31 December 2016:

	IBGB	I	II	III
	As at 31 December 2016	After Acquisition of IBSB	After I and Public Issue	After II and utilisation of proceeds
Current assets (RM'000)	⁽¹⁾ –	151,505	175,068	161,068
Current liabilities (RM'000)	152	145,919	145,919	136,919
Current ratio (times)	N/A	1.04	1.20	1.18

Notes:

N/A Not applicable.

⁽¹⁾ Representing RM10.00 only.

11. FINANCIAL INFORMATION (Cont'd)**11.7.4 Gearing ratio**

Our gearing ratio throughout the financial years under review is as follows:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
Total loans and borrowings (RM'000)	40,004	40,058	32,889
Total equity (RM'000)	31,311	42,821	55,547
Gearing ratio (times)	1.28	0.94	0.59

Our gearing ratio decreased from 1.28 times to 0.59 times over the financial years under review.

In FYE 2014, our total borrowings increased by RM5.13 million or 14.72% mainly due to the increase in the utilisation of bank overdrafts and bankers acceptances by RM3.83 million for working capital purposes, the increase in Islamic term financing by RM0.65 million for purchase of investment properties and increase in finance lease liabilities by RM0.87 million for purchase of motor vehicles and plant and machineries. Despite an increase in total borrowings, our total equity increased at a higher rate of 51.11% compared to the increase in borrowings of 14.72%, thus resulting in a drop in our gearing ratio to 1.28 times.

In FYE 2015, our gearing ratio continued to decrease to 0.94 times mainly due to the improvement in our total equity for FYE 2015 as a result of the increase in our retained earnings. In FYE 2016, our gearing ratio further dropped to 0.59 times mainly because of the reduction in our total borrowings from RM40.06 million in FYE 2015 to RM32.89 million in FYE 2016, coupled with the improvement in our total equity from RM42.82 million in FYE 2015 to RM55.55 million in FYE 2016.

11.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus.

There were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during the financial years under review. However, there is no assurance that our financial performance will not be adversely affected by the impact of any change in government, economic, fiscal or monetary policies or factors moving forward.

11.9 IMPACT OF INFLATION

A majority of our projects take between 1.5 to 2 years to complete. Accordingly, prices of key raw materials at the time of submission of tender bids or signing of contracts may not reflect the prices that we will eventually pay during the implementation of our projects. All of our contracts are firm and fixed-price contracts, under which we commit to provide all of the resources required to complete a project at fixed unit prices. As such, we are not able to pass on any increases in construction cost.

Our operations are also dependent on the availability of labour at acceptable prices. Any unanticipated increases in the cost of labour not taken into account at the time of submission of tender bids or signing of contracts may also result in our profits being different from those originally estimated and may result in us experiencing reduced profitability or losses on projects.

11. FINANCIAL INFORMATION (Cont'd)

During the financial years under review, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

11.10 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES**11.10.1 Impact of foreign exchange rates**

Our transactions are solely denominated in RM.

11.10.2 Impact of interest rates

	Audited		
	FYE 2014	FYE 2015	FYE 2016
Interest coverage ratio (times) ⁽¹⁾	6.41	7.99	7.57

Note:

⁽¹⁾ Computed based on profit before interest and tax over finance costs for the FYEs 2014 to 2016.

Interest coverage ratio measures the number of times a company can make its interest payments with its profit before interest and tax.

Our interest coverage ratio of between 6.41 to 7.99 times for the FYEs 2014 to 2016 indicates that our Group has been able to generate sufficient profits before interest and tax to meet our interest serving obligations.

Our Group's financial results for the financial years under review were not materially affected by fluctuations in interest rates. However, major increase in interest rates would raise the cost of borrowings and our finance costs for our construction projects, which may have an adverse effect on the performance of our Group.

11.10.3 Impact of commodity prices

Our Group's raw materials mainly consist of construction materials such as steel bars, ready-mixed concrete, tiles, timber and plywood, bricks, reinforced mesh, cement, sand and sanitary items. These raw materials are widely available in Malaysia and from a large base of suppliers. We were not directly affected by fluctuations in commodity prices for the FYEs 2014 to 2016.

11.11 ORDER BOOK

Our unbilled order book as at 31 December 2016 amounts to RM555.23 million, details as follows:

Project details	RM' 000
Residential	351,535
Non-residential:	
• Mixed development	191,790
• Commercial	11,907
	555,232

11. FINANCIAL INFORMATION (Cont'd)

The above unbilled order book relates to the contract value of projects which are ongoing less revenue recognised up to 31 December 2016. This unbilled order book will be recognised progressively over the next 2 financial years. Our unbilled order book of RM555.23 million as at 31 December 2016 represents 2.1 times of our average revenue of RM258.30 million, calculated based on our audited revenues for the FYEs 2014 to 2016. This order book to revenue ratio of 2.1 times is an indication of our revenue for the next 2 financial years.

Our unbilled order book as at 31 March 2017 is RM486.16 million of which RM297.48 million is for the residential segment, RM188.09 million is for the mixed development segment and RM0.59 million is for the commercial segment. Our unbilled order book of RM486.16 million as at 31 March 2017 represents 1.9 times of our average revenue of RM258.30 million, calculated based on our audited revenues for the FYEs 2014 to 2016. This order book to revenue ratio of 1.9 times is an indication of our revenue for the next 2 financial years. Our unbilled order book as at 31 March 2017 will be recognised over the next 3 FYEs as follows:

Financial year	(1)Unbilled order book to be recognised (RM'000)	(2)Adjusted unbilled order book to be recognised (RM'000)
FYE 2017	266,892	226,642
FYE 2018	171,265	171,265
FYE 2019	48,000	48,000
	486,157	445,907

Notes:

- (1) The allocation of the unbilled order book over the 3 financial years is based on the expected progress of each project. In the event of any delays in the actual progress of the projects due to variation orders or any unforeseen circumstances such as shortage of materials or labour in the market, such allocation of the unbilled order book to be recognised over the 3 financial years will vary.
- (2) As at 31 March 2017, our unbilled order book amounted to RM486.16 million, which includes RM40.25 million from a project awarded by Fabulous Range Sdn Bhd (a subsidiary of Lum Chang Holdings Limited group). If this project which is held in abeyance is not resumed, our unbilled order book will reduce to RM445.91 million.

11.12 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) Our Group's revenue will remain sustainable in line with our unbilled order book as set out in Section 11.11 of this Prospectus. In addition, as at LPD, we continue to receive tender invitations from some of our existing clients who are subsidiaries of various public listed property developers namely Tropicana Corporation Berhad, Eco World Development Group Berhad, Paramount Corporation Berhad, Mah Sing Group Berhad and Gamuda Berhad;
- (b) Our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for our Group to carry out its future plans as stated in Section 6.3 of this Prospectus; and

11. FINANCIAL INFORMATION (Cont'd)

- (c) Our financial resources will strengthen, taking into account the total amount of RM9.00 million and RM9.56 million to be set aside from the IPO proceeds for purposes of repayment of our bank borrowings and our general working capital requirements respectively, as well as internally generated funds. We may consider debt funding for our capital expansion should the need arises.

In addition to the above, our Board is not aware of any circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

11.13 TREND INFORMATION

Based on our track record for the past years under review, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

- (a) For the past years under review, more than 80.00% of our revenue was derived from the residential segment. We expect that this segment to continue contributing significantly to our revenue in the future;
- (b) For the past years under review, all our projects are located in Klang Valley and Johor and we will continue to focus in these locations;
- (c) The main components of our construction project costs are raw material cost, direct labour cost and subcontractor cost which collectively contributed to more than 80.00% of our total cost of sales for the past years under review. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the availability and price fluctuation of our raw materials, direct labour and subcontractors; and
- (d) We achieved a GP margin of 9.41%, 9.69% and 10.78% for FYE 2014, FYE 2015 and FYE 2016 respectively. We hope to maintain our GP margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently and the types and complexity of projects that we can secure in the future.

As at LPD, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Section 11.2 of this Prospectus;
- (b) Material commitments for capital expenditure;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 11.2.1(h) and 11.10 of this Prospectus;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 11.2.1(h) and 11.2.2 of this Prospectus; and

11. FINANCIAL INFORMATION (Cont'd)

- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 11.2.1(h) and 11.2.2 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths set out in Section 6.2 of this Prospectus and our Group's future plans as set out in Section 6.3 of this Prospectus.

11.14 DIVIDEND POLICY

As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiary(ies), present or future. There are no legal, financial, or economic restriction on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us. However moving forward, the payment of dividends or other distributions by our subsidiary(ies) will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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11. FINANCIAL INFORMATION (Cont'd)**11.15 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness:

- (a) Based on the latest unaudited financial information as at 31 March 2017; and
- (b) After adjusting for the effects of the Acquisition of IBSB and Public Issue including the utilisation of proceeds from the Public Issue.

	IBGB	I	II	III
	As at 31 March 2017	After Acquisition of IBSB	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Capitalisation				
Shareholders' equity	(152)	58,214	81,777	81,777
Total capitalisation	(152)	58,214	81,777	81,777
Indebtedness⁽¹⁾				
Current				
Bank overdrafts	-	9,120	9,120	120
Bankers' acceptance	-	13,650	13,650	13,650
Revolving credit	-	1,000	1,000	1,000
Term loans	-	442	442	442
Islamic term financing	-	408	408	408
Finance lease liabilities	-	2,350	2,350	2,350
Non-current				
Term loans	-	3,242	3,242	3,242
Islamic term financing	-	3,873	3,873	3,873
Finance lease liabilities	-	3,771	3,771	3,771
Contingent liabilities ⁽²⁾	-	29,459	29,459	29,459
Total indebtedness	-	67,315	67,315	58,315
Total capitalisation and indebtedness	(152)	125,529	149,092	140,092
Gearing ratio⁽³⁾(times)	-	1.16	0.82	0.71

Notes:

- (1) All of our indebtedness are secured.
- (2) Contingent liabilities consists mainly of the tender bond and performance bond taken for our projects.
- (3) Calculated based on the total indebtedness divided by the total capitalisation.

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12. ACCOUNTANTS' REPORT



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21 APR 2017

The Board of Directors
Inta Bina Group Berhad
No. 15 & 17 (1st Floor)
Jalan SS15/8A, Subang Jaya
47500 Petaling Jaya, Selangor Darul Ehsan

PRIVATE & CONFIDENTIAL

Dear Sirs,

**INTA BINA GROUP BERHAD (“IBGB”) AND ITS PROPOSED SUBSIDIARY COMPANY,
NAMESLY INTA BINA SDN BHD (“IBSB”) (COLLECTIVELY HEREINAFTER REFERRED
TO AS “INTA BINA GROUP” OR THE “GROUP”)
ACCOUNTANTS' REPORT**

1. Introduction

This report has been prepared for inclusion in the Prospectus of IBGB in connection with the proposed listing of and quotation for its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Proposed Listing”) and should not be relied upon for any other purposes.

2. General Information

The general information of IBGB and IBSB are as follows:

2.1 IBGB

2.1.1 Background information

IBGB was incorporated in Malaysia under the Companies Act 1965 on 11 March 2015 as a public limited company. IBGB is a principally involved in investment holding.

12. ACCOUNTANTS' REPORT (Cont'd)

**2. General Information (Continued)****2.1 IBGB (Continued)****2.1.1 Share capital**

As at the date of this report, IBGB's contributed share capital is RM10 comprising 100 shares.

2.1.3 Subsidiary company and associated company

As at the date of this report, IBGB does not have any subsidiary company and associated company.

2.2 IBSB**2.2.1 Background information**

IBSB was incorporated on 10 December 1987 under the Companies Act 1965 as a private limited company. IBSB is principally involved in securing and carrying out construction contracts.

2.2.2 Share capital

As at the date of this report, IBSB's contributed share capital is RM8,200,000 comprising 8,000,000 shares.

Pursuant to Section 618 of the Companies Act 2016, upon the commencement of Section 74 of the Companies Act 2016, any amount standing to the credit of a company's share premium account and capital redemption reserve shall become part of the company's share capital. Notwithstanding this, a company may, within twenty-four (24) months upon the commencement of Section 74 of the Companies Act 2016, use the amount standing to the credit of its share premium account, for certain purposes as prescribed in the Companies Act 2016. The share premium standing upon the commencement of the Section 74 of the Companies Act 2016 amounted to RM200,000.

2.2.3 Subsidiary company and associated company

As at the date of this report, IBSB does not have any subsidiary company and associated company.

12. ACCOUNTANTS' REPORT (Cont'd)**2. General Information (Continued)****2.3 Acquisition of IBSB by IBGB**

On 23 June 2016, IBGB has entered into a conditional sale and purchase agreement with the vendors of IBSB, namely Apexjaya Industries Sdn Bhd, Ahmad bin Awi, Lim Ooi Joo, Teo Hock Choon, Yap Yoon Kong, Chau Yik Mun, Ong Tiau Siang and Foong Jyi Chyuan, to acquire the entire issued and paid-up share capital of IBSB of RM8,000,000 comprising 8,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM42,820,710, which will be wholly satisfied by the issuance of 428,207,100 new IBGB shares at an issue price of RM0.10 per share ("IBGB Shares")("Acquisition").

Upon the completion of the Acquisition, IBSB will become a wholly-owned subsidiary company of IBGB.

2.4 Listing Scheme

Upon the completion of the Acquisition, IBGB will undertake the following exercise:

(a) Public Issue

Pursuant to the Public Issue, IBGB shall issue 107,051,800 IBGB Shares at Initial Public Offering ("IPO") Price to be allocated in the following manner:

- (i) 26,763,000 IBGB Shares will be made available for application by the Malaysian Public, to be allocated via balloting;
- (ii) 20,013,000 IBGB Shares will be made available to the eligible Directors, employees and business associates/persons who have contributed to the success of the Group;
- (iii) 53,526,000 IBGB Shares will be made available for private placement to Bumiputera investors approved by the MITI; and
- (iv) 6,749,800 IBGB Shares will be made available for private placement to selected investors.

Upon completion of the Public Issue, IBGB issued and paid-up share capital will increase from RM42,820,720 comprising 428,207,200 shares to RM69,583,670 (before deducting defrayment of estimated expenses for the issuance of shares of RM961,000) comprising 535,259,000 shares.

(b) Offer for Sale

Concurrent with IBGB Listing, the Offerors will undertake an offer for sale of 26,763,000 Offer Shares at the IPO Price by way of private placement to selected investors.

12. ACCOUNTANTS' REPORT (Cont'd)



2.4 Listing Scheme (continued)

Upon the completion of the Acquisition, IBGB will undertake the following exercise:
(continued)

(c) Listing

Upon completion of the IPO, IBGB's entire enlarged issued and paid-up share capital of RM69,583,670 (before deducting defrayment of estimated expenses for the issuance of shares of RM961,000) comprising 535,259,000 IBGB Shares shall be listed on the ACE Market of Bursa Securities.

2.5 Financial statements

This report deals solely with the audited financial statements of IBSB for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016.

The financial information of IBGB is not presented since it was only incorporated to facilitate the Proposed Listing.

For the financial year ended 31 December 2015, no consolidated financial statements are presented as no control has been established between IBGB and IBSB as defined under Malaysian Financial Reporting Standards 10. Combined financial statements are not presented as there is no common control between IBGB and IBSB.

For the financial year ended 31 December 2016, no combined financial statements are presented as the assets and liabilities of IBGB as at 31 December 2016 are insignificant relative to those of IBSB as at that date.

12. ACCOUNTANTS' REPORT (Cont'd)



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21 APR 2017

The Board of Directors
Inta Bina Group Berhad
No. 15 & 17 (1st Floor)
Jalan SS15/8A, Subang Jaya
47500 Petaling Jaya, Selangor Darul Ehsan

PRIVATE & CONFIDENTIAL

Dear Sirs,

Reporting Accountants' opinion on the Financial Statements contained in the Accountants' Report of IBSB

Opinion

We have audited the accompanying financial statements of **Inta Bina Sdn. Bhd.**, which comprise the statement of financial position as at 31 December 2014, 31 December 2015 and 31 December 2016 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 2 to 77.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2014, 31 December 2015 and 31 December 2016, and of its financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

These historical financial statements have been prepared by the Directors of IBSB for inclusion in the Prospectus. This report is required by Chapter 13 of the *Prospectus Guidelines – Equity* and for no other purpose.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

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12. ACCOUNTANTS' REPORT (Cont'd)

**Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Company's financial reporting process.

Reporting Accountants' Responsibility

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

12. ACCOUNTANTS' REPORT (Cont'd)**Reporting Accountants' Responsibility (continued)**

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

- identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matter

This opinion is made solely to the Board of Directors of IBGB, as a body for the above stated purposes. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "Baker Tilly Monteiro Heng".

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

A large, stylized handwritten signature in black ink, appearing to read "Heng Fu Joe".

Heng Fu Joe
No. 02966/11/2018 J
Chartered Accountant

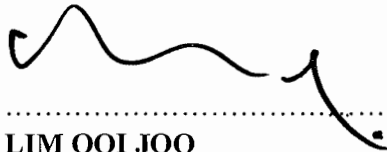
12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

STATEMENT BY DIRECTORS

We, **LIM OOI JOO** and **TEO HOCK CHOON**, being two of the directors of **INTA BINA SDN BHD**, do hereby state that in the opinion of the directors, the accompanying financial statements of IBSB from page 2 to page 77 are properly drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2014, 31 December 2015 and 31 December 2016 and of the financial performance and cash flows for the financial years then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:



.....
LIM OOI JOO
Director



.....
TEO HOCK CHOON
Director

Kuala Lumpur

Date: **21 APR 2017**

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

STATEMENTS OF FINANCIAL POSITION OF IBSB

	Note	← As at 31 December →		
		2014 RM'000	2015 RM'000	2016 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	12,062	14,247	15,660
Investment properties	5	27,039	19,285	18,924
Available-for-sale financial assets	6	444	48	-
Trade receivables	7	25,614	34,561	29,128
Total non-current assets		65,159	68,141	63,712
Current assets				
Trade and other receivables	7	86,228	85,693	97,892
Contract assets	8	15,896	24,401	21,979
Cash and short-term deposits	9	14,572	18,263	30,384
		116,696	128,357	150,255
Non-current assets held for sale	10	-	3,847	1,398
Total current assets		116,696	132,204	151,653
TOTAL ASSETS		181,855	200,345	215,365
EQUITY AND LIABILITIES				
Equity attributable to owners of IBSB				
Share capital	11	8,000	8,000	8,000
Share premium	12	200	200	200
Retained earnings		23,111	34,621	47,347
Total equities		31,311	42,821	55,547

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

STATEMENTS OF FINANCIAL POSITION OF IBSB (CONTINUED)

	Note	← As at 31 December →		
		2014 RM'000	2015 RM'000	2016 RM'000
Non-current liabilities				
Deferred tax liabilities	13	92	-	106
Loans and borrowings	14	10,138	11,856	9,382
Trade payables	15	4,849	11,271	4,415
Total non-current liabilities		15,079	23,127	13,903
Current liabilities				
Trade and other payables	15	98,487	87,051	94,022
Contract liabilities	8	4,707	16,070	25,438
Loans and borrowings	14	29,866	28,202	23,507
Tax payable		2,405	3,074	2,948
Total current liabilities		135,465	134,397	145,915
TOTAL LIABILITIES		150,544	157,524	159,818
TOTAL EQUITY AND LIABILITIES				
		181,855	200,345	215,365

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

STATEMENTS OF COMPREHENSIVE INCOME OF IBSB

		←— FYE 31 December —→		
		2014	2015	2016
	Note	RM'000	RM'000	RM'000
Revenue	16	245,821	271,939	257,136
Cost of sales	17	(222,680)	(245,575)	(229,411)
Gross profit		23,141	26,364	27,725
Other income	18	3,296	2,931	4,259
Administrative expenses		(9,688)	(9,854)	(11,415)
Other operating expenses		(149)	(262)	(48)
Operating profit		16,600	19,179	20,521
Finance costs	19	(2,590)	(2,399)	(2,710)
Profit before tax	20	14,010	16,780	17,811
Income tax expense	22	(3,419)	(5,270)	(5,085)
Net profit for the financial years, representing total comprehensive income for the financial years		10,591	11,510	12,726

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

STATEMENTS OF CHANGES IN EQUITY OF IBSB

	Share capital	<u>Non-</u> <u>distributable</u> Share premium	<u>Distributable</u> Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000
At 31 January 2014	8,000	200	12,520	20,720
Total comprehensive income for the financial year	-	-	10,591	10,591
At 31 December 2014	8,000	200	23,111	31,311
Total comprehensive income for the financial year	-	-	11,510	11,510
At 31 December 2015	8,000	200	34,621	42,821
Total comprehensive income for the financial year	-	-	12,726	12,726
At 31 December 2016	8,000	200	47,347	55,547

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

STATEMENTS OF CASH FLOWS OF IBSB

	← FYE 31 December →		
	2014 RM'000	2015 RM'000	2016 RM'000
Cash flows from operating activities			
Profit before tax	14,010	16,780	17,811
Adjustments for:			
Depreciation of property, plant and equipment	1,920	2,193	3,068
Amortisation/Depreciation of investment property	325	414	361
Net gain on disposal of investment property	(407)	(195)	-
Net gain on disposal of non-current assets held for sale	-	-	(1,170)
Gain on disposal of property, plant and equipment	(11)	(4)	(22)
Gain on disposal of investment in and associated company	(300)	-	-
(Gain)/Loss on disposal of available-for-sale financial assets	(15)	211	-
Available-for-sale financial assets written off	-	-	48
Interest expense	2,396	2,240	1,783
Interest income	(448)	(415)	(570)
Net allowance for impairment loss on trade receivables	760	-	-
Effect of accretion of interest from discounting of trade receivables	(1,139)	(1,366)	(1,889)
Effect of discounting of trade payables	(159)	(805)	(473)
Effect of discounting of trade receivables	948	1,931	1,986
Effect of unwinding of interest from discounting of trade payables	194	159	927
Operating profit before changes in working capital	18,074	21,143	21,860
Changes in working capital			
Receivables	(10,921)	(8,977)	(6,863)
Payables	3,586	(4,368)	(339)
Contract assets/(liabilities)	3,799	2,858	11,790
Net cash flows generated from operations carried forward	14,538	10,656	26,448

12. ACCOUNTANTS' REPORT (Cont'd)**INTA BINA SDN BHD**
Accountants' Report**STATEMENTS OF CASH FLOWS OF IBSB (CONTINUED)**

	Note	← FYE 31 December →		
		2014 RM'000	2015 RM'000	2016 RM'000
Net cash flows generated from operations brought forward		14,538	10,656	26,448
Interests received		448	415	570
Income tax paid		(2,962)	(4,692)	(5,105)
Net cash flows generated from operating activities		12,024	6,379	21,913
Cash flows from investing activities				
Buildings under construction		(5,031)	(1,577)	-
Purchase of property, plant and equipment	(a)	(1,231)	(894)	(828)
Purchase of investment properties		(4,509)	(78)	-
Proceeds from disposal of property, plant and equipment		19	15	22
Proceeds from disposal of investment property		829	4,330	-
Proceeds from disposal of non-current assets held for sale		-	-	3,619
Proceeds from disposal of investment in associated company		1,200	-	-
Proceeds from disposal of available-for-sale financial assets		50	186	-
Net cash flows used in investing activities		(8,673)	1,982	2,813
Cash flows from financing activities				
Interests paid		(2,397)	(2,241)	(1,783)
Amount due to directors		(650)	-	-
Amount due to a shareholder		(326)	-	-
Fixed deposits pledged as security values		(3,199)	(4,024)	(8,200)
Net change in other short term borrowings		578	(1,637)	1,417
Net change in Islamic term financing		646	(211)	(117)
Repayment of term loans		(214)	(235)	(1,346)
Drawdown of term loans		-	1,873	-
Proceeds from issuance of share capital		-	-	-
Repayment of finance lease liabilities		(1,392)	(1,831)	(4,342)
Net cash flows from/ (used in) financing activities		(6,954)	(8,306)	(14,371)

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

STATEMENTS OF CASH FLOWS OF IBSB (CONTINUED)

	Note	← FYE 31 December →		
		2014 RM'000	2015 RM'000	2016 RM'000
Net change in cash and cash equivalents		(3,603)	55	10,355
Cash and cash equivalents at beginning of the financial years		<u>(6,077)</u>	<u>(9,680)</u>	<u>(9,625)</u>
Cash and cash equivalents at the end of the financial years	9	<u>(9,680)</u>	<u>(9,625)</u>	<u>730</u>

(a) Purchase of property, plant and equipment

	← FYE 31 December →		
	2014 RM'000	2015 RM'000	2016 RM'000
Purchase of property, plant and equipment	2,993	3,376	4,481
Financed by way of finance lease arrangements	<u>(1,762)</u>	<u>(2,482)</u>	<u>(3,653)</u>
Cash payments on purchase of property plant and equipment	<u>1,231</u>	<u>894</u>	<u>828</u>

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHDAccountants' Report

NOTES TO THE FINANCIAL STATEMENTS**1. BASIS OF PREPARATION****1.1 Statement of compliance**

The financial statements of IBSB have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

1.2 Adoption of amendments/improvements to MFRSs

IBGB Group has adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/improvements to MFRSs

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 134	Interim Financial Statements
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of IBSB, and did not result in significant changes to IBSB's existing accounting policies.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1. BASIS OF PREPARATION (CONTINUED)****1.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective**

IBSB has not adopted the following new MFRSs and amendment/improvements to MFRSs that have been issued, but not yet effective:

	Effective for financial periods beginning on or after
<u>New MFRS</u>	
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>	
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 107 Statement of Cash Flows	1 January 2017
MFRS 112 Income Taxes	1 January 2017
MFRS 128 Investments in Associates and Joint Ventures	Deferred

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently being assessed by the Company.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1. BASIS OF PREPARATION (CONTINUED)****1.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)*****MFRS 9 Financial Instruments***

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1. BASIS OF PREPARATION (CONTINUED)****1.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)*****MFRS 15 Revenue from Contracts with Customers***

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligation in the contract; and
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations ("IC Int") will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Int 13	Customer Loyalty Programmes
IC Int 15	Agreements for the Construction of Real Estate
IC Int 18	Transfers of Assets from Customers
IC Int 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1. BASIS OF PREPARATION (CONTINUED)****1.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)***Amendments to MFRS 112 Income Taxes*

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1. BASIS OF PREPARATION (CONTINUED)****1.4 Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia ("RM"), which is also IBSB's functional currency, unless otherwise stated.

1.5 Basis of measurement

The financial statements of IBSB have been prepared on the historical cost basis, except as otherwise disclosed in Note 2.

1.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. It also required directors to exercise their judgement in the process of applying IBSB's accounting policies. Although these estimates and judgement are based on the director's best knowledge of current events and actions, actual results may differ.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years ended ("FYEs") 31 December 2014, 31 December 2015 and 31 December 2016 presented in the financial statements of IBSB.

2.1 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, IBSB becomes a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Financial instruments (Continued)

(a) Subsequent measurement

IBSB categorises the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to the initial recognition, the financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to the initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8(a). Gains and losses are recognised in profit or loss through the amortisation process.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Financial instruments (continued)****(a) Subsequent measurement (continued)****(i) Financial assets (continued)**Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when IBSB has the positive intention and ability to hold them to maturity.

Subsequent to the initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to the initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when IBSB's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8(a).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Financial instruments (continued)****(a) Subsequent measurement (continued)****(ii) Financial liabilities****Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to the initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to the initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to the initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Financial instruments (continued)****(c) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date IBSB itself purchases or sells an asset). Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

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

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Property, plant and equipment****(a) Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 2.13.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to IBSB and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Property, plant and equipment (continued)****(c) Depreciation (continued)**

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (Years)
Freehold buildings	50 years
Furniture and fittings	12 years
Motor vehicles	5 years
Office equipment	5 to 8 years
Office renovations	8 years
Plant and machineries	4 to 5 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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

2.3 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

Lessee accounting

If an entity is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Leases (continued)

Lessee accounting (continued)

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the period in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, IBSB does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

2.4 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 2.13.

IBSB uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8(b).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Investment properties (continued)**

Investments in freehold lands are stated at cost and is not depreciated as it has an indefinite useful life. Investments in leasehold lands are amortised over its remaining lease period.

Investment properties under construction are not depreciated until the assets are ready for its intended use. Other investment properties are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives at an annual rate of 2%.

Transfers are made to or from investment property only when there is a change in use.

2.5 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in IBSB's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of contract assets as amount owing by contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount owing to contract customers which is part of the contract liabilities in the statements of financial position.

2.6 Non-current assets held for sale

Non-current assets held for sale is classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets are remeasured in accordance to IBSB's accounting policies. Thereafter, generally the assets are measured at the lower of carrying amount and fair value less costs to sell.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.6 Non-current assets held for sale (continued)**

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rate basis, except that no loss is allocated to financial assets, deferred tax assets and investment property that is measured at fair value, which continue to be measured in accordance with IBSB's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and fixed deposits placed with licensed banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value. Cash and cash equivalents are presented net of bank overdraft.

2.8 Impairment of assets**(a) Impairment and uncollectibility of financial assets**

At each reporting date, all financial assets (except for financial assets categorised at fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtor or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable date indicates that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Impairment of assets (continued)****(a) Impairment and uncollectibility of financial assets (continued)**Loans and receivables and held-to-maturity investments

IBSB first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, IBSB may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to IBSB. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. IBSB uses its judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Impairment of assets (continued)****(a) Impairment and uncollectibility of financial assets (continued)**Available-for-sale financial assets

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets and non-current assets held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, IBSB makes an estimate of the assets' recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Impairment of non-financial assets (continued)**

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.9 Share capital**Ordinary shares**

Ordinary shares are equity instruments. An equity instrument is a contract that evidence a residual interest in the assets of IBGB after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.10 Employee benefits**(a) Short-term employee benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to IBSB.

(b) Defined contribution plans

As required by law, IBSB contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

2.11 Provisions

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

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.11 Provisions (continued)**

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.12 Revenue and other income**(a) Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.13 Borrowing costs

Borrowing costs are interests and other costs that IBSB incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

IBSB begins capitalising borrowing costs when IBSB has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Borrowing costs (continued)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.14 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Company is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.14 Income tax (continued)****(b) Deferred tax (continued)**

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

2.15 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, IBSB uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that IBSB can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.15 Fair value measurements (continued)**

IBSB recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2.16 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statement of financial position.

3. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial years include the following:

3.1 Classification between investment properties and property, plant and equipment

Certain properties comprise a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), IBSB accounts for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes. Management uses judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****3.2 Classification of finance and operating leases**

IBSB classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lie. As a lessee, IBSB recognises a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, IBSB considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% the remaining economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used by the lessee without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

3.3 Construction contracts

Significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the works that are recoverable from the customers. In making judgements, IBSB evaluates based on the past experience and work of specialists.

The carrying amounts of amounts owing by contract customers and amounts owing to contract customers are disclosed in Note 8.

3.4 Depreciation and useful lives of property, plant and equipment

As disclosed in Note 2.2(c), IBSB reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Company's property, plant and equipment are disclosed in Note 4.

3.5 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 26(c).

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****3.6 Impairment of financial assets**

For impairment test of held-to-maturity investments, IBSB uses estimates of future cash flows of the held-to-maturity investments and discounts the future cash flows using the original effective interest rate of an instrument. As the projected cash flows are based on estimates, the actual cash flows may differ from those estimates and these may affect the carrying amounts of the held-to-maturity investments.

IBSB recognises impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, IBSB assesses whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using IBSB's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect IBSB's financial position and results.

For available-for-sale unquoted equity investments, IBSB uses estimates of future cash flows of the unquoted equity investments and discounts the future cash flows using a current market rate of return of similar risk-class instrument. For quoted available-for-sale equity investments, IBSB recognises an impairment loss when there has been a significant or prolonged decline in the market price of a quoted equity investment. IBSB uses its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the share prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect IBSB's financial position and results.

The carrying amounts of IBSB's financial assets are disclosed in Note 26(a).

3.7 Measurement of income taxes

Significant judgement is required in determining IBSB's estimation for current and deferred taxes. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. IBSB will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The income tax expenses of IBSB are disclosed in Note 22.

3.8 Impairment of non-financial assets

IBSB assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be irrecoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. IBSB uses fair value less cost to sell as the recoverable amount. Fair values are arrived at using comparison method and valuation technique method to suit the assets characteristic of IBSB.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4. PROPERTY, PLANT AND EQUIPMENT**

	Freehold land RM'000	Freehold buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Office renovation RM'000	Plant and machineries RM'000	Total RM'000
Cost								
At 1 January 2014	2,012	4,025	207	2,887	759	245	8,002	18,137
Additions	-	-	1	475	108	-	2,409	2,993
Disposals	-	-	-	(42)	(5)	-	-	(47)
At 31 December 2014	2,012	4,025	208	3,320	862	245	10,411	21,083
Additions	-	-	3	729	155	11	2,478	3,376
Transfer from investment properties (Note 5)	328	755	-	-	-	-	-	1,083
Disposals	-	-	-	-	-	-	(55)	(55)
At 31 December 2015	2,340	4,780	211	4,049	1,017	256	12,834	25,487
Additions	-	-	10	430	530	-	3,511	4,481
Disposals	-	-	-	(162)	-	-	-	(162)
At 31 December 2016	2,340	4,780	221	4,317	1,547	256	16,345	29,806

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold land RM'000	Freehold buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Office renovation RM'000	Plant and machineries RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2014	-	197	58	1,703	615	122	4,445	7,140
Depreciation charge for the financial year	-	77	14	449	43	15	1,322	1,920
Disposals	-	-	-	(36)	(3)	-	-	(39)
At 31 December 2014	-	274	72	2,116	655	137	5,767	9,021
Depreciation charge for the financial year	-	77	14	471	56	16	1,559	2,193
Transfer from investment properties (Note 5)	-	70	-	-	-	-	-	70
Disposals	-	-	-	-	-	-	(44)	(44)
At 31 December 2015	-	421	86	2,587	711	153	7,282	11,240
Depreciation charge for the financial year	-	95	14	516	123	17	2,303	3,068
Disposals	-	-	-	(162)	-	-	-	(162)
At 31 December 2016	-	516	100	2,941	834	170	9,585	14,146

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold land RM'000	Freehold buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Office renovation RM'000	Plant and machineries RM'000	Total RM'000
Carrying amount								
At 31 December 2014	2,012	3,751	136	1,204	207	108	4,644	12,062
At 31 December 2015	2,340	4,359	125	1,462	306	103	5,552	14,247
At 31 December 2016	2,340	4,264	121	1,376	713	86	6,760	15,660

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Assets under finance lease**

The carrying amount of assets under a finance lease arrangements are as follows:

	←—As at 31 December—→		
	2014 RM'000	2015 RM'000	2016 RM'000
Motor vehicles	1,075	1,314	1,197
Plant and machineries	4,477	5,248	3,815
	5,552	6,562	5,012

(b) Assets pledged as security

Freehold land and buildings with carrying amount of (2014: RM5,763,546 and 2015: RM5,75,630) RM5,6,86,426 have been pledged to the financial institution for banking facilities granted to IBSB as disclosed in Note 14 to the financial statements.

(c) Strata titles to a building with carrying amount of (2014: RM Nil and 2015: RM82,211) RM80,206 is pending transfer of name to IBSB.

Titles to certain freehold land and buildings with carrying amounts of (2014: RM Nil and 2015: RM930,401) RM917,296 are pending transfer of name to IBSB.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5. INVESTMENT PROPERTIES**

Cost	Freehold	Leasehold	Buildings	Buildings under	Total
	land	land	RM'000	construction	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	2,239	-	13,763	2,875	18,877
Additions	833	604	3,072	5,031	9,540
Transfer	299	919	2,434	(3,652)	-
Disposals	(155)	-	(310)	-	(465)
At 31 December 2014	3,216	1,523	18,959	4,254	27,952
Additions	-	-	78	1,577	1,655
Transfer	-	927	1,855	(2,782)	-
Transfer to property, plant and equipment (Note 4)	(328)	-	(755)	-	(1,083)
Transfer to non-current assets held for sale (Note 10)	(580)	-	(3,762)	-	(4,342)
Disposals	(374)	-	(749)	(3,049)	(4,172)
At 31 December 2015/31 December 2016	1,934	2,450	15,626	-	20,010

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5. INVESTMENT PROPERTIES (CONTINUED)**

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Buildings under construction RM'000	Total RM'000
Accumulated amortisation/depreciation					
At 1 January 2014	-	-	631	-	631
Amortisation/Depreciation charge for the financial year	-	4	321	-	325
Disposals	-	-	(43)	-	(43)
At 31 December 2014	-	4	909	-	913
Amortisation/Depreciation charge for the financial year	-	25	389	-	414
Transfer to property, plant and equipment (Note 4)	-	-	(70)	-	(70)
Transfer to non-current assets held for sale (Note 10)	-	-	(495)	-	(495)
Disposals	-	-	(37)	-	(37)
At 31 December 2015	-	29	696	-	725
Amortisation/Depreciation charge for the financial year	-	49	312	-	361
At 31 December 2016	-	78	1,008	-	1,086

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5. INVESTMENT PROPERTIES (CONTINUED)**

	Freehold land RM'000	Leasehold land RM'000	Buildings under construction		Total RM'000
			Buildings RM'000	RM'000	
Carrying amount					
At 31 December 2014	3,216	1,519	18,050	4,254	27,039
At 31 December 2015	1,934	2,421	14,930	-	19,285
At 31 December 2016	1,934	2,372	14,618	-	18,924

Land and buildings with carrying amount of (2014: RM16,664,705 and 2015: RM16,404,573) RM14,723,962 have been pledged to the financial institution for banking facilities granted to IBSB as disclosed in Note 14 to the financial statements.

Strata titles to certain buildings with carrying amount (2014: RM8,358,898 and 2015: RM6,647,941) RM6,506,701 are pending transfer of name to IBSB.

Titles to certain leasehold land and buildings and certain freehold land and buildings with carrying amount of (2014: RM4,529,648 and 2015: RM1,777,540) RM1,728,612 and (2014: RM1,827,455 and 2015: RM6,343,413) RM5,300,070 respectively are pending transfer of name to IBSB.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5. INVESTMENT PROPERTIES (CONTINUED)**

The following are recognised in profit or loss in respect of investment properties:

	←—FYE 31 December—→		
	2014	2015	2016
	RM'000	RM'000	RM'000
Rental income	670	818	602
Direct operating expenses			
- amortisation of leasehold land	4	25	49
- depreciation of investment properties	322	389	312
- insurance costs	16	24	11
- finance costs	421	461	413
- quit rent and assessment	25	21	40

The leasehold lands have lease periods of 99 years and expiring on 5 April 2110, 25 July 2111 and 1 October 2111 respectively.

The fair value of investment properties is categorised as follows:

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

IBSB's fair value hierarchy is defined as follows:

- Level 1: Unadjusted quoted prices in active markets for identical investment property.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the investment property that are not based on observable market data.

The fair value of investment properties of approximately (2014: RM35,494,162 and 2015: RM28,848,000) RM26,880,600 is categorised at Level 3 of the fair value hierarchy.

There are no Level 1 and level 2 investment properties or transfers between levels during the financial year.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5. INVESTMENT PROPERTIES (CONTINUED)****Valuation processes applied by IBSB for Level 3 fair value****Level 3 fair value**

The following table shows the valuation techniques used in the determination of fair values within Level 3 as well as significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Land and buildings	Sales comparison approach	Price per square foot	The higher the price per square foot, the higher the fair value
Land and buildings	Income approach	Estimated average rental rate per square feet per month	The higher the estimated rental/average rental per square feet per month, the higher the fair value.

Valuation processes applied by the Company

The Company's finance department includes a team that performs valuation analysis of land and buildings required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer and the Directors.

The fair value of investment properties is derived from the Directors' valuation using the sales comparison approach whereby the sales price of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant unobservable input into this valuation approach is price per square foot of comparable buildings.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	← As at 31 December →		
	2014 RM'000	2015 RM'000	2016 RM'000
At cost:			
Investment in unquoted shares	396	-	-
Investment in golf club membership	48	48	-
	444	48	-

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7. TRADE AND OTHER RECEIVABLES**

	Note	← As at 31 December →		
		2014 RM'000	2015 RM'000	2016 RM'000
Non-current:				
Trade				
Retention sums		25,614	34,561	29,128
Current:				
Trade				
Trade receivables	(a)	73,893	70,944	69,316
Retention sums		12,611	11,519	24,772
Less: Allowances for impairment loss		(2,321)	(2,321)	(1,054)
		<u>84,183</u>	<u>80,142</u>	<u>93,034</u>
Non-trade				
Other receivables	(b)	398	2,229	2,886
Deposits		977	1,140	963
Prepayments		334	1,891	1,009
Amount due from a corporate shareholder of IBSB	(c)	336	291	-
		<u>2,045</u>	<u>5,551</u>	<u>4,858</u>
Total trade and other receivables (current)		<u>86,228</u>	<u>85,693</u>	<u>97,892</u>
Total trade and other receivables (non-current and current)		<u>111,842</u>	<u>120,254</u>	<u>127,020</u>

(a) Trade receivables

IBSB's normal trade credit terms ranges from (2014 and 2015: 30 days to 45 days) 30 days to 45 days. Other credit terms are assessed and approved on a case-by-case basis.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7. TRADE AND OTHER RECEIVABLES (CONTINUED)****(a) Trade receivables (continued)**

The ageing analysis of trade receivables are as follows:

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Neither past due nor impaired	23,620	34,072	39,136
Past due but not impaired:-			
1 to 30 days past due not impaired	25,360	17,002	10,417
31 to 60 days past due not impaired	15,463	12,797	7,438
61 to 90 days past due not impaired	3,460	3,013	3,943
More than 90 days past due not impaired	3,669	1,739	7,328
	47,952	34,551	29,126
Retention sum	38,225	46,080	53,900
Impaired	2,321	2,321	1,054
Total trade receivables	<u>112,118</u>	<u>117,024</u>	<u>123,216</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7. TRADE AND OTHER RECEIVABLES (CONTINUED)****(a) Trade receivables (continued)**Receivables that are impaired

IBSB's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	←— As at 31 December —→		
	2014	2015	2016
	RM'000	RM'000	RM'000
At 1 January	10,311	2,321	2,321
Charge for the financial year	1,060	-	-
Reversal of allowance for impairment loss on trade receivables	(300)	-	-
Write-off	(8,750)	-	(1,267)
At 31 December	2,321	2,321	1,054

(b) Other receivables

Included in other receivables are amount due from a former associated company of (2014: RM179,981 and 2015: RM243,620) RM Nil which are non-trade in nature, unsecured, interest-free and receivable on demand.

(c) Amount due from a corporate shareholder of IBSB

The amount due from a corporate shareholder of IBSB is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash. During the FYE 31 December 2016, the amount has been recovered in full.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**8. CONTRACT ASSETS/(LIABILITIES)**

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Aggregate costs incurred to date	1,472,545	1,718,925	1,948,808
Attributable profits	101,237	128,728	157,966
	<u>1,573,782</u>	<u>1,847,653</u>	<u>2,106,774</u>
Less: Progress billings	(1,562,593)	(1,839,322)	(2,110,233)
	<u>11,189</u>	<u>8,331</u>	<u>(3,459)</u>
Analysed as follows:			
Amount owing from contract customers	15,896	24,401	21,979
Amount owing to contract customers	(4,707)	(16,070)	(25,438)
	<u>11,189</u>	<u>8,331</u>	<u>(3,459)</u>

9. CASH AND SHORT-TERM DEPOSITS

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Cash and bank balances	1,624	1,291	5,212
Short-term deposits placed with licensed banks	12,948	16,972	25,172
	<u>14,572</u>	<u>18,263</u>	<u>30,384</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**9. CASH AND SHORT-TERM DEPOSITS (CONTINUED)**

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Short-term deposits placed with licensed banks	12,948	16,972	25,172
Less : Pledged deposits	(12,948)	(16,972)	(25,172)
	-	-	-
Cash and bank balances	1,624	1,291	5,212
Bank overdrafts	(11,304)	(10,916)	(4,482)
	<u>(9,680)</u>	<u>(9,625)</u>	<u>730</u>

The fixed deposits placed with licensed banks have maturity dates ranging from (2014 and 2015: 1 month to 12 months) 1 month to 12 months, which bear interest rates ranging from (2014: 2.95% to 3.35% and 2015: 2.95% to 3.50%) 2.85% to 3.35% per annum.

Included in fixed deposits placed with licensed banks are amounts of (2014: RM530,415 and 2015: RM546,068) RM Nil registered under the names of the directors of IBSB and held in trust for IBSB.

The fixed deposits placed with licensed banks amounting to (2014: RM12,417,123 and 2015: RM16,426,610) RM25,172,016 have been pledged to licensed banks to secure credit facilities granted to IBSB as disclosed in Note 14 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**10. NON-CURRENT ASSETS HELD FOR SALE**

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Non-current assets held for sale:			
- at carrying amount	-	3,847	1,398

Non-current assets held for sale are investment properties with total net carrying amount of (2014: RM Nil and 2015: RM3,846,860) RM1,398,252 which had been pledged to licensed banks to secure credit facilities granted to IBSB as disclosed in Note 14 to the financial statements.

As at 31 December 2016, IBSB had entered into sales and purchase agreements with various third parties for the disposal of (2014: Nil and 2015: six (6)) seven (7) investment properties with carrying amounts of (2014: RM Nil and 2015: RM2,776,810) RM2,858,019 for a total consideration of (2014: Nil and 2015: RM4,000,000) RM4,430,200.

As at 31 December 2016 IBSB is committed to sell another three (3) investment properties with carrying amounts of RM988,841. Subsequent to the financial year end, IBSB had identified purchasers for the three (3) properties.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**11. SHARE CAPITAL**

	As at 31 December					
	2014		2015		2016	
	Number of shares Unit '000	Amount RM'000	Number of shares Unit '000	Amount RM'000	Number of shares Unit '000	Amount RM'000
Authorised:						
At 1 January	10,000	10,000	10,000	10,000	10,000	10,000
Created during the financial year	-	-	-	-	-	-
At 31 December	10,000	10,000	10,000	10,000	10,000	10,000
Issued and fully paid-up:						
At 1 January	8,000	8,000	8,000	8,000	8,000	8,000
Issued during the financial year	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-
At 31 December	8,000	8,000	8,000	8,000	8,000	8,000

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**12. SHARE PREMIUM**

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

13. DEFERRED TAX LIABILITIES

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
At the beginning of the financial years	222	92	-
Recognised in profit or loss	(130)	(92)	106
At the end of the financial years	92	-	106

Deferred tax liabilities comprise mainly the temporary differences between the carrying amounts and the corresponding tax written down values of property, plant and equipment.

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Temporary differences arising from capital allowances	92	-	106

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of unabsorbed capital allowances of (2014: RM Nil and 2015: RM192,364) RM Nil.

The unabsorbed capital allowances do not expire under the current tax legislation. Deferred tax assets has not been recognised in respect of the above item because it is not probable that future taxable profit will be available against which IBSB can utilise the benefits therefrom.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14. LOANS AND BORROWINGS**

	Note	← As at 31 December →		
		2014 RM'000	2015 RM'000	2016 RM'000
Non-current (secured)				
Term loans	(a)	3,109	4,799	3,492
Islamic term financing	(b)	4,442	4,222	4,099
Finance lease liabilities	(c)	2,588	2,835	1,791
		<u>10,139</u>	<u>11,856</u>	<u>9,382</u>
Current (secured)				
Term loans	(a)	334	282	243
Islamic term financing	(b)	200	209	215
Finance lease liabilities	(c)	1,591	1,995	2,350
Bank overdrafts	(d)	11,304	10,916	4,482
Bankers' acceptance	(d)	15,437	13,800	15,217
Revolving credit	(d)	1,000	1,000	1,000
		<u>29,866</u>	<u>28,202</u>	<u>23,507</u>
		<u>40,005</u>	<u>40,058</u>	<u>32,889</u>
Total loans and borrowings				
Term loans		3,443	5,081	3,735
Islamic term financing		4,642	4,431	4,314
Finance lease liabilities		4,179	4,830	4,141
Bank overdrafts		11,304	10,916	4,482
Bankers' acceptance		15,437	13,800	15,217
Revolving credit		1,000	1,000	1,000
		<u>40,005</u>	<u>40,058</u>	<u>32,889</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans**

	← As at 31 December →		
	2014 RM'000	2015 RM'000	2016 RM'000
Within next twelve months	441	568	444
After next twelve months:			
- later than one year and not later than two years	443	441	444
- later than two years and not later than five years	1,321	1,831	1,333
- later than five years	2,618	4,686	3,316
	4,823	7,526	5,537
Less: Future finance charges	(1,380)	(2,445)	(1,802)
	3,443	5,081	3,735

Term loan 1 of (2014: RM1,168,530 and 2015: RM1,120,770) RM Nil bears floating interest at a rate of (2014 and 2015: 7.35%) 7.35% per annum and is repayable via monthly instalments of RM10,318 each over 180 months commencing from October 2011 and is secured by way of:

- (i) Legal charge over an investment property of IBSB; and
- (ii) Joint and several guarantee by certain directors of IBSB.

Term loan 2 of (2014: RM466,952 and 2015: RM451,095) RM433,620 bears floating interest at a rate of (2014 and 2015: 7.35%) 7.35% per annum and is repayable via monthly instalments of RM4,137 each over 180 months commencing from March 2013 and is secured by way of:

- (i) Legal charge over an investment property of IBSB; and
- (ii) Joint and several guarantee by certain directors of IBSB.

Term loan 3 of (2014: RM1,148,591 and 2015: RM1,036,437) RM917,837 bears floating interest at a rate of (2014 and 2015: 4.85%) 4.85% per annum and is repayable via monthly instalments of RM13,781 each over 120 months commencing from April 2013 and is secured by way of:

- (i) Legal charge over an investment property of IBSB; and
- (ii) Joint and several guarantee by certain directors of IBSB.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans (continued)**

Term loan 4 of (2014: RM659,277 and 2015: RM610,093) RM556,112 bears floating interest at a rate of (2014 and 2015: 8.35%) 8.35% per annum and is repayable via monthly instalments of RM8,530 each over 120 months commencing from November 2013 and is secured by way of:

- (i) Legal charge over an investment property of IBSB; and
- (ii) Joint and several guarantee by certain directors of IBSB.

Term loan 5 of (2014: RM Nil and 2015: RM1,862,575) RM1,827,768 bears floating interest at a rate of (2014: Nil% and 2015: 4.65%) 4.65% per annum and is repayable via monthly instalments of RM10,572 each over 300 months commencing from May 2015 and is secured by way of:

- (i) Legal charge over an investment property of IBSB;
- (ii) Corporate guarantee of a corporate shareholder of IBSB; and
- (iii) Joint and several guarantee by certain directors of IBSB.

(b) Islamic term financing

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Bai-Bithamin Ajil			
Within next twelve months	409	409	407
After the next twelve months:			
- later than one year and not later than two years	599	409	407
- later than two years and not later than five years	1,194	1,226	1,223
- more than five years	11,336	11,076	10,785
	13,538	13,120	12,822
Less: Future profit payable	(8,896)	(8,689)	(8,508)
	4,642	4,431	4,314

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14. LOANS AND BORROWINGS (CONTINUED)****(b) Islamic term financing**

Islamic term financing 1 of (2014: RM1,712,141 and 2015: RM1,564,021) RM1,500,772 bears interest at a rate of (2014: 4.60% and 2015: 4.75%) 4.75% per annum and is repayable via monthly instalments of RM18,563 each over 120 months commencing from January 2013 and is secured by way of:

- (i) Legal charge over an investment property of IBSB; and
- (ii) Joint and several guarantee by certain directors of IBSB.

Islamic term financing 2 of (2014: RM2,929,467 and 2015: RM2,867,198) RM2,813,561 bears interest at a rate of (2014: 4.50% and 2015: 4.65%) 4.65% per annum and is repayable via monthly instalments of RM14,496 each over 360 months commencing from February 2013 and is secured by way of:

- (i) Legal charge over an investment property of IBSB; and
- (ii) Joint and several guarantee by certain directors of IBSB.

(c) Finance lease liabilities

Certain motor vehicles and plant and machineries of IBSB as disclosed in Note 4 are pledged for finance leases. Such leases do not have terms for renewal which would give IBSB an option to purchase at nominal values at the end of the lease term. The average interest rate implicit in the leases is 5.12% per annum (2014: 5.10% and 2015: 4.79%).

Future minimum lease payments under finance lease together with the present value of net minimum lease payments are as follows:

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Minimum lease payments			
- Not later than one year	1,790	2,175	2,528
- Later than one year and not later than five years	2,746	3,060	1,866
	4,536	5,235	4,394
Less: Future finance charges	(357)	(405)	(253)
Present value of minimum lease payments	4,179	4,830	4,141

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14. LOANS AND BORROWINGS (CONTINUED)****(c) Finance lease liabilities (continued)**

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Present value of minimum lease payments payable:-			
Not later than one year	1,591	1,995	2,350
Later than one year but not later than five years	1,346	1,581	1,266
- later than two years and not later than five years	1,242	1,254	525
	4,179	4,830	4,141
Less: Amount due within 12 months	(1,591)	(1,995)	(2,350)
	2,588	2,835	1,791

(d) Other bank borrowings

The others bank borrowings are secured by the following:

- (i) First party legal charge over certain property, plant and equipment and investment properties as disclosed in Notes 4 and 5 to the financial statements;
- (ii) Debenture over all fixed and floating present and future assets of IBSB;
- (iii) Fixed deposits placed with the licensed banks as disclosed in Note 9 to the financial statements; and
- (iv) Joint and several guarantee by certain directors of IBSB.

	← As at 31 December →		
	2014	2015	2016
	% per annum	% per annum	% per annum
<u>Floating rates</u>			
Bank overdrafts	7.60% to 8.60%	7.85% to 8.35%	6.65% to 8.15%
Revolving credit	5.29% to 5.81%	5.69% to 5.94%	5.48% to 5.94%
<u>Fixed rates</u>			
Bankers' acceptance	5.35% to 5.59%	5.51% to 5.67%	5.11% to 5.67%

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**15. TRADE AND OTHER PAYABLES**

	Note	← As at 31 December →		
		2014 RM'000	2015 RM'000	2016 RM'000
Non-current:				
Trade				
Retention sum		4,849	11,271	4,415
Current:				
Trade				
Trade payables	(a)	71,794	61,667	46,529
Retention sum		2,778	8,634	8,580
		74,572	70,301	55,109
Non-trade				
Other payables	(b)	3,964	587	249
Deposits received		427	532	249
Accruals		1,192	256	258
Accrued project costs		18,324	15,367	38,157
Advanced rental income		-	-	-
Amount due to directors	(c)	8	8	-
		23,915	16,750	38,913
Total trade and other payables (current)		98,487	87,051	94,022
Total trade and other payables (non-current and current)		103,336	98,322	98,437

(a) Trade payables

The normal trade credit terms granted to IBSB ranges from (2014 and 2015: 30 days to 60 days) 30 days to 60 days.

Included in trade payables are amounts totalling (2014: RM1,736,474 and 2015: RM1,101,221) RM1,624,549 due to a corporate shareholder of IBSB.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**15. TRADE AND OTHER PAYABLES (CONTINUED)****(b) Other payables**

Included in other payables of IBSB are the following:

- (i) advances from connected persons to the directors of IBSB totalling (2014: RM2,710,000 and 2015: RM Nil) RM Nil;
- (ii) advances from companies in which certain directors have interest totalling (2014: RM1,000,000 and 2015: RM Nil) RM Nil and;
- (iii) advances from a company in which a director has interest totalling (2014: RM200,000 and 2015: RM Nil) RM Nil.

(c) Amount due to directors

The amount due to directors is unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash. During the FYE 31 December 2016, the amount due to a director has been repaid in full.

For explanation on IBSB's liquidity risk management processes, refer to Note 26(b)(ii).

16. REVENUE

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Gross contract revenue	246,769	273,870	259,122
Less: Effect of discounting of trade receivables	(948)	(1,931)	(1,986)
Net contract revenue	<u>245,821</u>	<u>271,939</u>	<u>257,136</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**17. COST OF SALES**

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Gross contract cost	222,839	246,380	229,883
Less: Effect of discounting of trade payables	(159)	(805)	(473)
Net contract cost	<u>222,680</u>	<u>245,575</u>	<u>229,411</u>

18. OTHER INCOME

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Rental income	670	818	602
Fixed deposit interest income	448	415	570
Gain on disposal of property, plant and equipment	12	4	22
Gain on disposal of investment properties	407	318	-
Gain on disposal of non-current assets held for sale	-	-	1,170
Gain on disposal of investment in an associated company	300	-	-
Gain on disposal of available-for-sale financial assets	15	-	-
Effect of accretion of interest from discounting of trade receivables	1,139	1,366	1,889
Reversal of allowance of impairment loss on trade receivables	300	-	-
Others	5	10	6
	<u>3,296</u>	<u>2,931</u>	<u>4,259</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**19. FINANCE COSTS**

	← As at 31 December →		
	2014 RM'000	2015 RM'000	2016 RM'000
Interest expense on:-			
- Bank guarantee	369	526	242
- Bank overdrafts	136	45	80
- Bankers' acceptance	834	670	693
- Finance lease liabilities	231	260	302
- Revolving credit	54	57	53
- Term loans	421	461	413
- Related party advances	344	221	-
- Effect of unwinding of interest from discounting of trade payables	194	159	927
- Others	7	-	-
	2,590	2,399	2,710

12. ACCOUNTANTS' REPORT (Cont'd)**INTA BINA SDN BHD**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**20. PROFIT BEFORE TAX**

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Note	← As at 31 December →		
		2014 RM'000	2015 RM'000	2016 RM'000
Auditors' remuneration				
Statutory				
- Current financial year		33	40	50
Non-statutory				
- Current financial year		150	-	-
Depreciation of property, plant and equipment	4	1,920	2,193	3,068
Amortisation/Depreciation of investment properties	5	325	414	361
Loss on disposal of property, plant and equipment		1	-	-
Loss on disposal of investment property		-	123	-
Loss on disposal of available-for-sales financial assets		-	211	-
Available-for-sale financial assets written off		-	-	48
Impairment of trade receivables		1,060	-	-
Employee benefits expenses	20	9,485	11,286	12,142
Fixed deposit interest income		(448)	(415)	(570)
Gain on disposal of investment property		(407)	(318)	(1,170)
Gain on disposal of property, plant and equipment		(12)	(4)	(22)
Gain on disposal of investment in an associated company		(300)	-	-
Gain on disposal of available-for-sales financial assets		(15)	-	-
Rental income		(670)	(818)	(602)
Reversal of allowance for impairment loss on trade receivables		(300)	-	-

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**21. EMPLOYEE BENEFITS EXPENSES**

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	8,454	10,091	10,896
Employees' Provident Funds	771	935	977
Other staff related benefits	260	260	269
	9,485	11,286	12,142
Included in employee benefits expenses are			
Directors' remuneration:			
- Salaries, allowances and allowances	709	809	869
- Employees' Provident Funds	52	60	60
- Other staff related benefits	1	1	1
	762	870	930

22. INCOME TAX EXPENSE

	Note	← As at 31 December →		
		2014	2015	2016
		RM'000	RM'000	RM'000
Statement of comprehensive income				
Current income tax:				
Taxation in Malaysia				
- Current income tax charge		3,419	4,609	4,888
- Adjustment in respect of prior year		-	753	91
		3,419	5,362	4,979
Deferred tax:				
- Origination/(Reversal) of temporary differences	13	-	(92)	106
		-	(92)	106
		3,419	5,270	5,085

The income tax is calculated at the statutory rate of (2014 and 2015: 25%) 24% of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with the effect from the year of assessment 2016.

12. ACCOUNTANTS' REPORT (Cont'd)**INTA BINA SDN BHD**
Accountants' Report**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****22. INCOME TAX EXPENSE (CONTINUED)**

The reconciliation of income tax amount at the statutory income tax rate to IBSB's tax expenses are as follows:

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Profit before tax	14,010	16,780	17,811
Tax at Malaysian statutory tax rate 24% (2013, 2014 and 2015: 25%)	3,502	4,194	4,275
Adjustments:			
Non-deductible expenses	252	631	813
Income not subject to tax	(335)	(308)	(286)
Utilisation of previously unrecognised capital allowances	-	-	192
Adjustments in respect of current income tax in prior years	-	753	91
Income tax expense for the financial years	3,419	5,270	5,085

23. FINANCIAL GUARANTEES

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Bank guarantees issued for contract works being carried out by IBSB	21,291	23,185	18,269

The bank guarantees are secured by securities as disclosed in Note 14 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**24. CAPITAL COMMITMENTS**

IBSB has made commitments for the following capital expenditures:

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Capital expenditure approved but not contracted for:			
- Investment properties	-	-	3,236
Capital expenditure approved and contracted for:			
- Property, plant and equipment	-	-	86
	-	-	3,322

25. RELATED PARTIES**(a) Identify of related parties**

Parties are considered to be related to IBSB if IBSB has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where IBSB and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of IBSB include:

- (a) Entities having significant influence over IBSB;
- (b) The associated company;
- (c) Entities in which directors have substantial financial interests; and
- (d) Key management personnel of IBSB, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

12. ACCOUNTANTS' REPORT (Cont'd)**INTA BINA SDN BHD**
Accountants' Report**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****25. RELATED PARTIES (CONTINUED)****(a) Identify of related parties (continued)**

The nature of relationship with the related parties is as follows:

Name of related parties	Nature of relationship
Apexjaya Industries Sdn Bhd	Corporate shareholder of IBSB.
Lim Ooi Joo	Shareholder and director of IBSB.
Teo Hock Choon	Shareholder and director of IBSB.
Inta Development Sdn Bhd*	A company of which certain directors of IBSB have interests.
Apexjaya Marketing Sdn Bhd	A company of which certain directors of IBSB have interests.
Syarikat Dutamax Sdn Bhd	A company of which certain directors of IBSB have interests.
Apexjaya Sdn Bhd	A company of which certain directors of IBSB have interests.
Lim Cheng Siew	A person connected to a director of IBSB.
Norizan Bt. Mohamed	A person connected to a director of IBSB.
Yeoh Gim Bee	A person connected to a director of IBSB.
Lim Soon Tiong	A person connected to a director of IBSB.

* *An associated company before 19 December 2014.*

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**25. RELATED PARTIES (CONTINUED)****(b) Significant related party transactions**

Other than disclosed elsewhere in the financial statements, the significant related party transactions between IBSB and its related parties were as follows:

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Sale of investment in an associated company to:-			
- Lim Ooi Joo	106	-	-
- Teo Hock Choon	106	-	-
- Apexjaya Industries Sdn Bhd	988	-	-
Sale of available-for-sale financial asset to:-			
- Apexjaya Industries Sdn Bhd	50	186	-
Construction related cost charged by:-			
- Apexjaya Industries Sdn Bhd	6,503	8,606	8,369
Contract revenue from:-			
- Inta Development Sdn Bhd	4,303	443	-
- Mahligai Abadi Sdn. Bhd.	150	-	-
Rental income charged to:-			
- Inta Development Sdn Bhd	37	22	-
- Apexjaya Industries Sdn Bhd	13	26	26
Rental expense charged by:-			
- Apexjaya Industries Sdn Bhd	6	96	64
Finance cost charged by:-			
- Lim Cheng Siew	8	-	-
- Apexjaya Industries Sdn Bhd	21	27	-
- Lim Ooi Joo	27	2	-
- Teo Hock Choon	5	6	-
- Apexjaya Marketing Sdn Bhd	43	38	-
- Norizan Bt. Mohamed	23	20	-
- Yeoh Gim Bee	40	8	-
- Apexjaya Sdn Bhd	16	20	-
- Lim Soon Tiong	141	82	-
- Syarikat Dutamax Sdn Bhd	20	18	-

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**25. RELATED PARTIES (CONTINUED)****(c) Compensation of key management personnel**

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Included in employee benefits expenses are remuneration for key management personnel other than directors:			
Short-term employee benefits	1,263	810	2,043
Post-employment employee benefits	91	140	146
	1,354	950	2,189

26. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Loans and receivables ("L&R")
- (ii) Other financial liabilities ("FL")
- (iii) Available-for-sale financial assets ("AFS")

	Note	Carrying amounts RM'000	L&R/(FL) RM'000	AFS RM'000
At 31 December 2014				
Financial assets				
Trade and other receivables,				
less prepayments	7	111,508	111,508	-
Cash and short-term deposits	9	14,572	14,572	-
Available-for-sale financial assets	6	444	-	444
		126,524	126,080	444
Financial liabilities				
Trade and other payables	15	103,336	(103,336)	-
Loans and borrowings	14	40,005	(40,005)	-
		143,341	(143,341)	-

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments (continued)**

	Note	Carrying amounts RM'000	L&R/(FL) RM'000	AFS RM'000
At 31 December 2015				
Financial assets				
Trade and other receivables,				
less prepayments	7	118,363	118,363	-
Cash and short-term deposits	9	18,263	18,263	-
Available-for-sale financial assets	6	48	-	48
		<u>136,674</u>	<u>136,626</u>	<u>48</u>
Financial liabilities				
Trade and other payables	15	98,322	(98,322)	-
Loans and borrowings	14	40,058	(40,058)	-
		<u>138,380</u>	<u>(138,380)</u>	<u>-</u>
At 31 December 2016				
Financial assets				
Trade and other receivables,				
less prepayments	7	126,011	126,011	-
Cash and short-term deposits	9	30,384	30,384	-
Available-for-sale financial assets	6	-	-	-
		<u>156,395</u>	<u>156,395</u>	<u>-</u>
Financial liabilities				
Trade and other payables	15	98,437	(98,437)	-
Loans and borrowings	14	32,889	(32,889)	-
		<u>131,326</u>	<u>(131,326)</u>	<u>-</u>

12. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management**

IBSB's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. IBSB's overall financial risk management objective is to optimise value for their shareholders. IBSB do not trade in financial instruments.

The Board of Directors of IBSB reviews and agrees to policies and procedures for the management of these risks, which are executed by the IBSB's senior management.

(i) Credit risk**Trade and other receivables**

Credit risk is the risk of financial loss to IBSB that may arise on outstanding financial instruments should a counterparty default on its obligations. IBSB's exposure to credit risk arises primarily from trade and other receivables. IBSB has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, IBSB consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. IBSB have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

IBSB uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 7. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with IBSB. A significant portion of these trade receivables are regular customers that have been transacting with IBSB. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that IBSB will not be able to collect all amounts due.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Trade and other receivables (continued)**Credit risk concentration profile

IBSB does not have any significant exposure to any individual customers.

Other financial assets

For other financial assets (including cash and cash equivalents), IBSB minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, IBSB's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(ii) Liquidity risk

Liquidity risk is the risk that IBSB will encounter difficulty in meeting financial obligations when they fall due. IBSB's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. IBSB's exposure to liquidity risk arises principally from trade and other payables, loans and borrowings.

IBSB's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. IBSB maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. IBSB use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. IBSB's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of IBSB's financial liabilities by their relevant maturity at the reporting date is based on contractual undiscounted repayment obligations are as follows:

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)**Maturity analysis (continued)

	----- Contractual cash flows -----				Total RM'000
	Carrying amount RM'000	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	
31 December 2014					
Trade and other payables	103,336	98,487	5,008	-	103,495
Terms loans	3,443	441	1,764	2,618	4,823
Islamic terms financing	4,642	409	1,793	11,336	13,538
Finance lease liabilities	4,179	1,790	2,746	-	4,536
Bank overdrafts	11,304	11,304	-	-	11,304
Banker's acceptance	15,437	15,668	-	-	15,668
Revolving credit	1,000	1,000	-	-	1,000
	143,341	129,099	11,311	13,954	154,364
31 December 2015					
Trade and other payables	98,322	87,051	12,076	-	99,127
Terms loans	5,081	568	2,272	4,686	7,526
Islamic terms financing	4,431	409	1,635	11,076	13,120
Finance lease liabilities	4,830	2,175	3,060	-	5,235
Bank overdrafts	10,916	10,916	-	-	10,916
Banker's acceptance	13,800	14,032	-	-	14,032
Revolving credit	1,000	1,000	-	-	1,000
	138,380	116,151	19,043	15,762	150,956

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)**Maturity analysis (continued)

	Contractual cash flows				Total RM'000
	Carrying amount RM'000	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	
31 December 2016					
Trade and other payables	98,437	94,022	4,765	-	98,787
Terms loans	3,735	444	1,777	3,316	5,537
Islamic terms financing	4,314	407	1,630	10,785	12,822
Finance lease liabilities	4,141	2,528	1,866	-	4,394
Bank overdrafts	4,482	4,482	-	-	4,482
Banker's acceptance	15,217	15,502	-	-	15,502
Revolving credit	1,000	1,000	-	-	1,000
	<u>131,326</u>	<u>118,385</u>	<u>10,038</u>	<u>14,101</u>	<u>142,524</u>

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of IBSB's financial instruments as a result of changes in market interest rates. IBSB's exposure to interest rate risk arises primarily from its long-term loans and borrowings with floating interest rates. IBSB's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The mix between fixed and floating rate borrowings are monitored and varies according to changes in interest rates to ensure that IBSB's cost of financing is kept at the lowest possible.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Interest rate risk (continued)**Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on IBSB's total equity and profit for the financial year.

	Carrying amount RM'000	Change in basis point	Effect on profit for the financial year/ equity RM'000
31 December 2014			
Term loans	(3,443)	+ 50 - 50	(13) 13
Islamic term financing	(4,642)	+ 50 - 50	(17) 17
Bank overdrafts	(11,304)	+ 50 - 50	(42) 42
Revolving credit	(1,000)	+ 50 - 50	(4) 4
31 December 2015			
Term loans	(5,081)	+ 50 - 50	(19) 19
Islamic term financing	(4,431)	+ 50 - 50	(17) 17
Bank overdrafts	(10,916)	+ 50 - 50	(41) 41
Revolving credit	(1,000)	+ 50 - 50	(4) 4

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Interest rate risk (continued)**Sensitivity analysis for interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on IBSB's total equity and profit for the financial year (continued).

	Carrying amount RM'000	Change in basis point	Effect on profit for the financial year/ equity RM'000
31 December 2016			
Term loans	(3,735)	+ 50	(14)
		- 50	14
Islamic term financing	(4,314)	+ 50	(16)
		- 50	16
Bank overdrafts	(4,482)	+ 50	(17)
		- 50	17
Revolving credit	(1,000)	+ 50	(4)
		- 50	4

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value measurement**

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the IBSB's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year (2014 and 2015: no transfer in either directions).

	Carrying amount RM'000	Fair value of financial instruments not carried at fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
31 December 2014					
<u>Loans and receivables</u>					
Financial assets					
Trade and other receivables	25,614	-	-	26,753	26,753
Financial liabilities					
Trade and other payables	(4,849)	-	-	(5,008)	(5,008)
Loans and borrowings	(10,139)	-	-	(20,257)	(20,257)
31 December 2015					
<u>Loans and receivables</u>					
Financial assets					
Trade and other receivables	34,561	-	-	35,927	35,927
Financial liabilities					
Trade and other payables	(11,271)	-	-	(12,076)	(12,076)
Loans and borrowings	(11,856)	-	-	(22,729)	(22,729)

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value measurement (continued)**

	Carrying amount RM'000	Fair value of financial instruments not carried at fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2016					
<u>Loans and receivables</u>					
Financial assets					
Trade and other receivables	29,128	-	-	29,128	29,128
Financial liabilities					
Trade and other payables	(4,415)	-	-	(4,765)	(4,765)
Loans and borrowings	(9,382)	-	-	(19,374)	(19,374)

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value measurement (continued)****Level 3 fair value**

The following table shows the valuation techniques used in the determination of fair values of retention sum, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the retention sum, taking into account expected retention sum to be received/paid.	Risk-adjusted discount rate for similar instrument with similar credit rating of 5.22% (2014 and 2015: 5.55%).	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> • risk-adjusted discount rates were higher/(lower); or • number of years shorter/(longer).
The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the timing of release of retention sum, being the end of defect liability period.		

Valuation processes applied by IBSB for retention sum receivable and payable

The fair values of retention sums are determined by the directors, having appropriate recognised experience in the retention sum being valued. Changes in Level 3 fair values are analysed by the management every year, considering the risk-adjusted rate.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**27. CAPITAL MANAGEMENT**

The primary objective of IBSB's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. IBSB manages their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, IBSB may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year under reviews.

IBSB monitors capital using gearing ratio. The gearing ratio is calculated as total debts divided by equity attributable to the owners of IBSB. The gearing ratio at 31 December 2014, 31 December 2015 and 31 December 2016 are as follows:

	← As at 31 December →		
	2014	2015	2016
	RM'000	RM'000	RM'000
Loans and borrowings	40,004	40,058	32,889
Equity attributable to owners of IBSB	<u>31,311</u>	<u>42,821</u>	<u>55,547</u>
Gearing ratio	<u>1.28</u>	<u>0.94</u>	<u>0.59</u>

There were no changes in IBSB's approach to capital management during the financial year under review.

IBSB is required to maintain a debt to equity ratio below 1.5 times and net tangible assets above RM14,000,000 to comply with bank covenants.

12. ACCOUNTANTS' REPORT (Cont'd)

INTA BINA SDN BHD
Accountants' Report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Company are, where applicable:

- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium and capital redemption reserve will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION



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21 APR 2017

The Board of Directors
Inta Bina Group Berhad
5-9A, The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

PRIVATE & CONFIDENTIAL

Dear Sirs,

**INTA BINA GROUP BERHAD
REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO
FORMA CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN A
PROSPECTUS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated financial information of Inta Bina Group Berhad ("IBGB" or "the Company") and its proposed subsidiary company (collectively hereinafter referred to as the "IBGB Group") for which the directors of IBGB are solely responsible. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 31 December 2016, the pro forma consolidated statement of comprehensive income for the financial year ended 31 December 2016 ("FYE 2016") and the pro forma consolidated statement of cash flows for the FYE 2016 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of IBGB have compiled the pro forma consolidated financial information are as described in Note 3 to the pro forma consolidated financial information and in accordance with the requirements of the *Prospectus Guidelines – Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

The pro forma consolidated financial information of the IBGB Group has been compiled by the directors of IBGB, for illustrative purposes only, for inclusion in the prospectus of IBGB ("Prospectus") in connection with the proposed listing of and quotation for the entire enlarged share capital of IBGB on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing"), after making certain assumptions and such adjustments to show the effects on:

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)



INTA BINA GROUP BERHAD
Reporting Accountants' Report on the Compilation of the
Pro Forma Consolidated Financial Information included in a Prospectus
for the Financial Year Ended 31 December 2016

- (a) the pro forma consolidated statement of comprehensive income of the IBGB Group for the FYE 2016 on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the FYE 2016;
- (b) the pro forma consolidated financial position of the IBGB Group as at 31 December 2016 adjusted for the transactions as described in Note 3.8, the Public Issue and the utilisation of proceeds as described in Notes 2.1 and 5.2.3; and
- (c) the pro forma consolidated cash flows of the IBGB Group for the FYE 2016 on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the FYE 2016 after the Public Issue and the utilisation of proceeds as described in Notes 2.1 and 5.2.3.

As part of this process, information about the IBGB Group's pro forma consolidated financial position, financial performance and cash flows have been extracted by the directors of IBGB from the audited financial statements of IBGB and the accountants' report of its proposed subsidiary company, namely Inta Bina Sdn Bhd ("IBSB"):

Company Name	FYE 2016
IBGB	31 December 2016
IBSB	31 December 2016

The audited financial statements of the proposed subsidiary company for the FYE 2016 were reported by the auditors to their respective members without any modifications.

Directors' Responsibility for the Pro Forma Consolidated Financial Information

The directors of IBGB are responsible for compiling the pro forma consolidated financial information based on the Applicable Criteria.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

Reporting Accountants' Report on the Compilation of the Pro Forma Consolidated Financial Information included in a Prospectus for the Financial Year Ended 31 December 2016



Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institutes of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines about whether the pro forma consolidated financial information has been compiled, in all material respects, by the directors of IBGB based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the directors of IBGB have compiled, in all material respects, the pro forma consolidated financial information based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of the pro forma consolidated financial information included in the Prospectus is solely to illustrate the impact of the Listing as described in Note 2 to the pro forma consolidated financial information on the unadjusted financial information of the IBGB Group as if the Listing had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the Listing would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of IBGB in the compilation of the pro forma consolidated financial information of the IBGB Group provide a reasonable basis for presenting the significant effects directly attributable to the Listing as described in Note 2 to the pro forma consolidated financial information, and to obtain sufficient appropriate evidence about whether:

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)



INTA BINA GROUP BERHAD

Reporting Accountants' Report on the Compilation of the Pro Forma Consolidated Financial Information included in a Prospectus for the Financial Year Ended 31 December 2016

- (a) The pro forma consolidated financial information of the IBGB Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma consolidated financial information, based on the audited financial statements of IBGB for financial year ended 31 December 2016 and the audited financial statements of its proposed subsidiary company for the FYE 2016, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by IBSB in the preparation of its audited financial statements for the FYE 2016, which had been adopted by IBGB as its group's accounting policies and the adoption of the new accounting policies as described in Note 3.6 to the pro forma consolidated financial information; and
- (b) Each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate for the purpose of preparing the pro forma consolidated financial information.

The procedures selected depend on the our judgement, having regard to the our understanding of the nature of the Company, the Listing in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our opinion

In our opinion:

- (a) the pro forma consolidated financial information of the IBGB Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma consolidated financial information, based on the audited financial statements of IBGB for the financial year ended 31 December 2016 and its proposed subsidiary company for the FYE 2016, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by IBSB in the preparation of its audited financial statements for the FYE 2016, which had been adopted by IBGB as its group's accounting policies and the adoption of the new accounting policies as described in Note 3.6 to the pro forma consolidated financial information; and
- (b) each material adjustment made to the information used in the preparation of the pro forma consolidated financial information of the IBGB Group is appropriate for the purpose of preparing the pro forma consolidated financial information.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

**Reporting Accountants' Report on the Compilation of the
Pro Forma Consolidated Financial Information included in a Prospectus
for the Financial Year Ended 31 December 2016**



Other matters

This report has been prepared for inclusion in the Prospectus of IBGB in connection with the Listing. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Baker Tilly Monteiro Heng".

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

A handwritten signature in black ink, appearing to read "Heng Fu Joe".

Heng Fu Joe
No. 02966/11/2018 J
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1. INTRODUCTION

1.1 The pro forma consolidated financial information of Inta Bina Group Berhad ("IBGB" or "the Company") and its proposed subsidiary company (hereinafter collectively referred to as the "IBGB Group") has been compiled by the directors of IBGB, for illustrative purposes only, for inclusion in the prospectus of IBGB in connection with the proposed listing of and quotation for the entire enlarged share capital of IBGB on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Listing").

1.2 The pro forma consolidated financial information comprises the following:

Section 4 : Pro forma consolidated statement of comprehensive income for the FYE 2016 of the IBGB Group on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the FYE 2016;

Section 5 : Pro forma consolidated statement of financial position of the IBGB Group as at 31 December 2016 adjusted for the transactions as described in Note 3.8, the Public Issue and the utilisation of proceeds as described in Notes 2.1 and 5.2.3; and

Section 6 : Pro forma consolidated statement of cash flows of the IBGB Group for the FYE 2016 on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the FYE 2016 and after the Public Issue and the utilisation of proceeds as described in Notes 2.1 and 5.2.3.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

2. LISTING

IBGB is undertaking a proposed listing of and quotation for its entire enlarged share capital on the ACE Market of Bursa Securities. The Listing comprises the following:

2.1 Public Issue

The Public Issue of 107,051,800 new ordinary shares in IBGB ("Share(s)"), at the issue price of RM0.25 for each IPO share, representing approximately 20.00% of the enlarged share capital of IBGB, to be allotted in the following manner:

- (i) 26,763,000 new Shares available for application by the Malaysian public.
- (ii) 20,013,000 new Shares available for application by our eligible directors, employees and business associates/persons who have contributed to the success of IBGB Group.
- (iii) 53,526,000 new Shares by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry.
- (iv) 6,749,800 new Shares by way of private placement to selected investors.

(Collectively hereinafter referred to as "Public Issue").

- 2.2 Offer for sale of 26,763,000 existing Shares by way of private placement to selected investors.

2.3 Listing

Upon completion of the Public Issue, IBGB will seek the listing of and quotation for its entire enlarged share capital of RM69,583,670 (before deducting defrayment of estimated expenses for the issuance of shares of RM961,000) comprising 535,259,000 Shares on the ACE Market of Bursa Securities.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION *(Cont'd)*

INTA BINA GROUP BERHAD

3. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

3.1 The pro forma consolidated financial information has been prepared to illustrate that:

- (a) the consolidated comprehensive income of the IBGB Group for the FYE 2016 on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the FYE 2016 but before the Public Issue as described in Note 2.1;
- (b) the pro forma consolidated financial position of the IBGB Group as at 31 December 2016, adjusted for the transactions as described in Note 3.8, the Public Issue and the utilisation of proceeds as described in Notes 2.1 and 5.2.3; and
- (c) the consolidated cash flows of the IBGB Group for the FYE 2016 on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the FYE 2016 and after the Public Issue and the utilisation of proceeds as described in Notes 2.1 and 5.2.3.

3.2 Other than as stated below, the pro forma consolidated financial information has been prepared based on the following audited financial statements of the IBGB Group:

Company Name	FYE 2016
IBGB	31 December 2016
Inta Bina Sdn Bhd ("IBSB")	31 December 2016



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

3. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)

- 3.3 The audited financial statements of the proposed subsidiary company for the financial year under review were reported by the auditors to their respective members without any modifications.
- 3.4 The pro forma consolidated financial information of the IBGB Group has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the IBGB Group and does not purport to predict the future financial position and results of the IBGB Group.
- 3.5 The pro forma consolidated financial information of the IBGB Group have been properly prepared on the basis set out in the accompanying notes to the pro forma consolidated financial information based on the audited financial statements of IBGB for financial period ended 31 December 2016 and audited financial statements of IBSB for the FYE 2016 which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.
- 3.6 The pro forma consolidated financial information of the IBGB Group have been prepared in a manner consistent with both the format of the audited financial statements and accounting policies adopted by IBSB in the preparation of its audited financial statements for the FYE 2016 and the adoption of the following new accounting policies, which had been adopted by IBGB as the group's accounting policies.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary company. The financial statements of the subsidiary company, associated company, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Subsidiary companies are entities (including structured entities) over which IBGB Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiary companies are included in the consolidated financial statements from the date IBGB Group obtains control of the acquirees until the date IBGB Group loses control of the acquirees.

IBGB Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by IBGB Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

3. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)

3.6 (Continued)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following (Continued):

- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that IBGB Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, IBGB Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, IBGB Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as IBGB Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary company, IBGB Group derecognises the assets and liabilities of the former subsidiary company, any non-controlling interests and the other components of equity related to the former subsidiary company from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If IBGB Group retains any interest in the former subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associated company, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in IBGB Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between IBGB Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

- 3.7 The financial information of the IBGB Group is measured using the currency of the primary economic environment in which the IBGB Group operates. The functional and presentation currency of the IBGB Group is Ringgit Malaysia ("RM").



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)**INTA BINA GROUP BERHAD****3. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)**

3.8 In connection with the Listing, the pro forma consolidated financial information has been presented after adjusting for the following material transactions subsequent to 31 December 2016 but before the Public Issue as described in Note 2.1:

3.8.1 Acquisition of IBSB

On 31 May 2016, IBGB had entered into a conditional sale and purchase agreement with the vendors of IBSB, namely Apexjaya Industries Sdn Bhd, Ahmad bin Awi, Lim Ooi Joo, Teo Hock Choon, Yap Yoon Kong, Chau Yik Mun, Ong Tiau Siang and Foong Jyi Chyuan, to acquire the entire share capital of IBSB of RM8,000,000 comprising 8,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM42,820,710, which will be wholly satisfied by the issuance of 428,207,100 new IBGB Shares at an issue price of RM0.10 per Share ("Acquisition").

The directors of IBGB have made a significant judgement that the Acquisition constitutes a capital reorganisation. As such, in the consolidated financial statements:

- (i) the assets and liabilities of the existing entity, IBSB, are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- (ii) in essence, the combination of the IBGB and IBSB reflects the results and financial position of the existing business. There is no substantive economic change, except for a change in the structure of the group;
- (iii) no goodwill is recorded. Any difference between the cost of the transaction and the carrying amount of the net assets of IBSB is recorded in equity;
- (iv) IBGB's consolidated financial statements include IBSB's full year's results (including comparatives), even though the group structure is formed after the financial year.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

4. PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE IBGB GROUP

4.1 The pro forma consolidated statement of comprehensive income of the IBGB Group for the FYE 2016 as set out below, for which the directors of IBGB are solely responsible, have been prepared for illustrative purposes only and on the assumption that the IBGB Group has been in existence throughout the financial year under review and are to be read in conjunction with the notes thereto.

	FYE 2016 RM'000
Revenue	257,136
Cost of sales	(229,411)
Gross profit	<u>27,725</u>
Other income	4,259
Administrative expenses	(11,557)
Other operating expenses	(48)
Operating profit	<u>20,379</u>
Finance costs	(2,710)
Profit before taxation	<u>17,669</u>
Income tax expense	(5,085)
Net profit for the financial year, representing total comprehensive income for the financial year	<u>12,584</u>
Earnings before interests, tax, depreciation and amortisation	
Profit after taxation	12,584
Interest income	(570)
Finance costs	2,710
Income tax expense	5,085
Depreciation and amortisation	3,429
Earnings before interests, tax, depreciation and amortisation	<u>23,238</u>
Effective tax rate (%)	28.78
Gross profit margin (%)	10.78
Profit before tax margin (%)	6.87
Profit after tax margin (%)	4.89
Number of ordinary shares in issue ('000) (Note 4.2.4)	428,207
Gross earnings per share ("EPS")(sen) (Note 4.2.5)	
Net EPS (sen) (Note 4.2.6)	4.13
Diluted net EPS (sen) (Note 4.2.7)	2.94



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (*Cont'd*)

INTA BINA GROUP BERHAD

4. PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE IBGB GROUP (*Continued*)

4.2 Notes to the pro forma consolidated statement of comprehensive income are as follows:

4.2.1 Basis of Preparation

The pro forma consolidated statement of comprehensive income of the IBGB Group are prepared for illustrative purposes only and have been presented on the assumption that the IBGB Group has been in existence since 1 January 2016. There are no fair value adjustments relating to the net assets acquired based on the assumption that the IBGB Group has been in existence since 1 January 2016. This pro forma consolidated statement of comprehensive income are based on the audited financial statements of the IBGB Group as mentioned in Note 3.2.

4.2.2 The pro forma consolidated statement of comprehensive income for the FYE 2016 have been prepared based on the format of the financial statements and the accounting policies consistent with those adopted in the preparation of the audited financial statements of IBSB for the FYE 2016, which had been adopted by IBGB as the group's accounting policies and the adoption of new accounting policies as mentioned in Note 3.6.

4.2.3 There were no exceptional items in all the financial year under review.

4.2.4 The share capital of IBGB of 428,207,200 Shares is after adjusted for the Acquisition as described in Note 3.8 to the pro forma consolidated financial information but before the Public Issue.

4.2.5 The gross EPS is computed as profit before taxation over the number of Shares in issue after adjusted for the Acquisition as described in Note 3.8 but before the Public Issue.

4.2.6 The net EPS is computed as net profit for the financial year over the number of Shares in issue after adjusted for the Acquisition as described in Note 3.8 but before the Public Issue.

4.2.7 The diluted net EPS is computed as net profit for the financial year over the number of Shares in issue after adjusted for the Acquisition as described in Note 3.8 and the Public Issue.

4.2.8 All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

4.2.9 There were no share of results by associated company or joint ventures during the FYE 2016.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

5. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE IBGB GROUP

5.1 The pro forma consolidated statements of financial position of the IBGB Group as set out below, for which the directors of IBGB are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of financial position of IBGB as at 31 December 2016, had the transactions as described in Note 3.8, the Public Issue and the utilisation of proceeds as described in the notes been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Audited Statement of Financial Position as at 31 December 2016 RM'000	Pro Forma I After the Acquisition RM'000	Pro Forma II After Pro Forma I and the Public Issue RM'000	Pro Forma III After Pro Forma II and the Utilisation of Proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	15,660	15,660	20,660
Investment properties	-	18,924	18,924	18,924
Trade receivables	-	29,128	29,128	29,128
Total non-current assets	-	63,712	63,712	68,712
Current assets				
Trade and other receivables	-	97,744	97,744	97,744
Contract assets	-	21,979	21,979	21,979
Cash and short-term deposits	\$	30,384	53,947	39,947
	-	150,107	173,670	159,670
Non-current assets held for sale	-	1,398	1,398	1,398
Total current assets	\$	151,505	175,068	161,068
TOTAL ASSETS	\$	215,217	238,780	229,780
EQUITY AND LIABILITIES				
Equity attributable to owners of IBGB				
Share capital/Contributed share capital	\$	42,821	68,623	68,623
Reorganisation reserve	-	(34,773)	(34,773)	(34,773)
(Accumulated losses)/ Retained earnings	(152)	47,347	45,108	45,108
Total equity	(152)	55,395	78,958	78,958

\$ RM10



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

5. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE IBGB GROUP (Continued)

5.1 (Continued)

	Audited Statement of Financial Position as at 31 December 2016 RM'000	Pro Forma I After the Acquisition RM'000	Pro Forma II After Pro Forma I and the Public Issue RM'000	Pro forma III After Pro Forma II and the Utilisation of Proceeds RM'000
Non-current liabilities				
Deferred tax liabilities	-	106	106	106
Loans and borrowings	-	9,382	9,382	9,382
Trade payables	-	4,415	4,415	4,415
Total non-current liabilities	-	13,903	13,903	13,903
Current liabilities				
Loans and borrowings	-	23,507	23,507	14,507
Trade and other payables	152	94,026	94,026	94,026
Contract liabilities	-	25,438	25,438	25,438
Current tax liabilities	-	2,948	2,948	2,948
Total current liabilities	152	145,919	145,919	136,919
Total liabilities	152	159,822	159,822	150,822
TOTAL EQUITY AND LIABILITIES	\$	215,217	238,780	229,780
Number of ordinary shares assumed to be in issued ('000) *	@	428,207	535,259	535,259
Net assets ("NA") (RM'000)	(152)	55,395	78,958	78,958
NA per ordinary share (RM)	(1,519.90)	0.13	0.15	0.15

\$ RM10

@ 100 shares

* Pursuant to Section 74 of the Companies Act 2016 (the "Act"), all shares issued before or upon the commencement of this Act shall have no par or nominal value.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

5. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE IBGB GROUP (Continued)

5.2 Notes to the pro forma consolidated statements of financial position are as follows:

5.2.1 Basis of Preparation

The pro forma consolidated statements of financial position of the IBGB Group, for which the directors of IBGB are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of financial position of IBGB as at 31 December 2016, had the transactions as described in Note 3.8, the Public Issue and the utilisation of proceeds as described in Notes 2.1 and 5.2.3 respectively been effected on that date, and should be read in conjunction with the notes accompanying thereto.

5.2.2 The pro forma consolidated statements of financial position of the IBGB Group have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by IBSB in the preparation of its audited financial statements for the FYE 2016, which had been adopted by IBGB as the group's accounting policies and the adoption of new accounting policies as mentioned in Note 3.6.

5.2.3 The proceeds from the Public Issue would be utilised in the following manner:

	RM'000	%
Purchase of machineries and equipment	5,000	18.68
Repayment of bank borrowings	9,000	33.63
Working capital	9,563	35.73
Estimated listing expenses	3,200	11.96
	26,763	100.00



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

5. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE IBGB GROUP (Continued)

5.2 (Continued)

5.2.4 The pro forma consolidated statements of financial position should be read in conjunction with the notes below:

(a) **Pro Forma I**

Pro Forma I incorporates the cumulative effects of the adjusted statement of financial position of IBGB as at 31 December 2016 and the Acquisition as described in Note 3.8.1.

For the preparation of the pro forma consolidated financial information of IBGB and for illustrative purposes only, the impact on the audited statement of financial position of IBGB as at 31 December 2016 arising from the Acquisition have been computed based on the audited financial statement of the IBSB as at 31 December 2016. As such, the actual impact may differ from the amount as illustrative below.

The reorganisation reserve of IBSB is as below:

	RM'000
Purchase consideration	42,821
Less: Share capital of IBSB	(8,000)
Share premium of IBSB	(200)
Add: Pre-acquisition losses of IBGB	152
Reorganisation reserve	<u>34,773</u>



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)
INTA BINA GROUP BERHAD
5. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE IBGB GROUP (Continued)

5.2 (Continued)

5.2.4 (Continued)

(a) Pro Forma I (Continued)

The Acquisition had the following impact on the statement of financial position of IBGB as at 31 December 2016:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Liabilities and Equity RM'000
Property, plant and equipment	15,660	-
Investment property	18,924	-
Trade receivables - non-current	29,128	-
Trade and other receivables	97,744	-
Contract assets	21,979	-
Cash and short-term deposits	30,384	-
Non-current asset held for sale	1,398	-
Contributed share capital	-	42,821
Reorganisation reserve	-	(34,773)
Retained earnings	-	47,499
Loans and borrowings		
- non-current	-	9,382
- current	-	23,507
Trade payables - non-current	-	4,415
Trade and other payables	-	93,874
Contract liabilities	-	25,438
Current tax liabilities	-	2,948
	215,217	215,217



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

5. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE IBGB GROUP (Continued)

5.2 (Continued)

5.2.4 (Continued)

(b) Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Public Issue as described in Note 2.1.

The estimated expenses for the issuance of Shares of RM0.961 million will be written off against the Contributed Share Capital Account pursuant to Section 74 of the Companies Act, 2016. The remaining estimated expenses for the Listing of RM2.239 million will be debited to the Retained Earnings Account.

The Public Issue will have the following impact on the pro forma consolidated statements of financial position of the IBGB Group as at 31 December 2016:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and bank balances	23,563	-
Contributed share capital	-	25,802
Retained earnings	-	(2,239)
	23,563	23,563

(c) Pro Forma III

Pro Forma III incorporates the cumulative effects of Pro Forma II and the utilisation of proceeds from the Public Issue of RM23.563 million after netting off RM3.2 million of estimated expenses.

The remaining proceeds expected from the Public Issue of RM23.563 million will be utilised in the manner as described in Note 5.2.3 to the pro forma consolidated financial information.

The proceeds arising from the Public Issue earmarked for purchase of machineries and equipment totalling RM5.0 million is assumed will meet the criteria of capitalisation as property, plant and equipment and therefore will be debited to the Property, Plant and Equipment Account.

The proceeds arising from the Public Issue earmarked for repayment of bank borrowings of RM9.0 million will be debited to the Loans and Borrowings Account.

The proceeds arising from the Public Issue earmarked for the IBGB Group's working capital purposes of RM9.563 million will be included in the Cash and Bank Balances Account.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

5. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE IBGB GROUP (Continued)

5.2 (Continued)

5.2.4 (Continued)

(c) Pro Forma III (Continued)

The utilisation of proceeds will have the following impact on the pro forma consolidated statements of financial position of the IBGB Group as at 31 December 2016:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Liabilities RM'000
Property, plant and equipment	5,000	-
Cash and bank balances	(14,000)	-
Loans and borrowings - current	-	(9,000)
	(9,000)	(9,000)

5.2.5 Movements in share capital and reserves are as follows:

	Share Capital/ Contributed Share Capital RM'000	Reorganisation Reserve RM'000	(Accumulated losses)/ Retained Earnings RM'000
Audited statement of financial position of IBGB as at 31 December 2016	\$	-	(152)
Arising from the Acquisition	42,821	(34,773)	47,499
Per Pro Forma I	42,821	(34,773)	47,347
Arising from the Public Issue	26,763	-	-
Defrayment of estimated expenses in relation to the Listing	(961)	-	(2,239)
Per Pro Forma II	68,623	(34,773)	45,108
Arising from the utilisation of proceeds	-	-	-
Per Pro Forma III	68,623	(34,773)	45,108
\$ RM10			

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

5. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE IBGB GROUP (Continued)

5.2 (Continued)

5.2.6 Movements in cash and bank balances are as follows:

	RM'000
Audited statement of financial position of IBGB as at 31 December 2016	\$
Arising from the Acquisition	30,384
Per Pro Forma I	<u>30,384</u>
Arising from the Public Issue	26,763
Defrayment of estimated expenses in relation to the Listing	(3,200)
Per Pro Forma II *	<u>53,947</u>
Arising from the utilisation of proceeds:	
- purchase of machineries and equipment	(5,000)
- repayment of bank borrowings	(9,000)
Per Pro Forma III *	<u><u>39,947</u></u>
\$ RM10	

* Included in the cash and bank balances is an amount of RM9.563 million arising from the Public Issue earmarked for working capital purposes.



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

6. PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE IBGB GROUP

- 6.1 The pro forma consolidated statement of cash flows of the IBGB Group as set out below, for which the directors of IBGB are solely responsible, have been prepared for illustrative purposes only and on the assumption that the IBGB Group had been in existence throughout the financial year under review, adjusted for the transactions as described in Note 3.8, the Public Issue and the utilisation of proceeds as described in Note 2.1 respectively and should be read in conjunction with the notes accompanying thereto.

FYE 2016
RM'000

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	17,669
Adjustments for:	
Depreciation of property, plant and equipment	3,068
Amortisation/Depreciation of investment properties	361
Gain on disposal of investment properties	(1,170)
Gain on disposal of property, plant and equipment	(22)
Available-for-sale financial asset written off	48
Interest expenses	1,783
Interest income	(570)
Accretion of interest from discounting of trade receivables	(1,889)
Discounting of trade payables	(473)
Unwinding of interest from discounting of trade payables	927
Discounting of trade receivables	1,986
Operating profit before working capital changes	21,718
Changes In Working Capital	
Receivables	(6,715)
Payables	(345)
Contract assets/liabilities	11,790
Net cash flows generated from operations	26,448
Interests received	570
Income tax paid	(5,105)
Net cash flows generated from operating activities	21,913



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)
INTA BINA GROUP BERHAD
6. PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE IBGB GROUP (Continued)

6.1 (Continued)

**FYE 2016
RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(828)
Proceeds from disposal of property, plant and equipment	22
Proceeds from disposal of non-current assets held for sale	3,619

Net cash flows generated from investing activities 2,813

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the Public Issue	26,763
Utilisation of proceeds	(17,200)
Proceeds from issuance of ordinary shares	#
Interests paid	(1,783)
Fixed deposits pledged as security values	(8,200)
Net change in other short term borrowings	1,417
Net change in Islamic term financing	(117)
Repayment of term loans	(1,346)
Net change in finance lease liabilities	(4,342)

Net cash flows generated from financing activities (4,808)

Net change in cash and cash equivalents 19,918

Cash and cash equivalents at the beginning of the financial year (9,625)

Cash and cash equivalents at the end of the financial year 10,293

ANALYSIS OF CASH AND CASH EQUIVALENTS

Cash and bank balances	14,776
Short-term deposits placed with licensed banks	25,171
Less: Bank overdrafts	(4,483)
	35,464
Less: Pledged deposits	(25,171)
	10,293

RM8



13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

6. PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE IBGB GROUP (Continued)

6.2 Notes to the Pro Forma Consolidated Statement of Cash Flows of the IBGB Group

6.2.1 Basis of Preparation

The pro forma consolidated statement of cash flows of the IBGB Group, for which the directors of IBGB are solely responsible, are prepared for illustrative purposes only, and on the assumption that the IBGB Group has been in existence throughout the financial year under review, adjusted for the transactions as described in Note 3.8.

The pro forma consolidated statement of cash flows of the IBGB Group for the FYE 2016 has been prepared based on the audited financial statements of IBGB Group as mentioned in Note 3.2, unless otherwise state.

6.2.2 All inter-company cash flows movements are eliminated on consolidation.

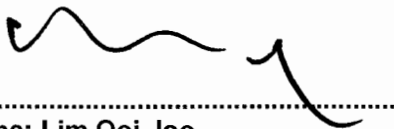


13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

INTA BINA GROUP BERHAD

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Inta Bina Group Berhad in accordance with a resolution dated **21 APR 2017**



.....
Name: Lim Ooi Joo
Director



.....
Name: Teo Hock Choon
Director



14. DIRECTORS' REPORT

inta BINA

INTA BINA GROUP BERHAD (1134880-W)

Registered Office:-

5-9A, The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Date: 21 APR 2017

The Shareholders of Inta Bina Group Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Inta Bina Group Berhad ("IBGB" or the "Company"), I report after due inquiry that during the period from 31 December 2016 (being the date to which the last audited financial statements of the Company's subsidiaries have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the issue of this Prospectus), that:-

- (a) the business of the Company and its subsidiaries, in the opinion of the Directors, has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Company and its subsidiaries which have adversely affected the trading or the value of the assets of the Company or any of its subsidiaries;
- (c) the current assets of the Company and its subsidiaries that appear in the books are at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have risen by reason of any guarantees or indemnities given by the Company or any of its subsidiaries;
- (e) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of, since the last audited financial statements of the Company and its subsidiaries; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiaries since the last audited financial statements of the Company subsidiaries.

Yours faithfully,
For and on behalf of the Board of Directors of
INTA BINA GROUP BERHAD



LIM OOI JOO
Managing Director

YOUR PARTNER IN CONSTRUCTION

15 & 17 (1st flr) JALAN SS15/8A, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN
Tel : +603-56379093 (Hunting Line) Fax : +603-56318596 (General)
Email : admin@intabina.com +603-56365484 (Contract)
URL : http://intabina.com +603-56315030 (Purchasing)

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

- (a) We will not issue or allot any Shares on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (b) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank *pari passu* with one another.
- (c) Save for 20,013,000 Shares under the Pink Form Allocations as disclosed in Section 3.4.3 of this Prospectus,
 - (i) no Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
 - (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (d) Save for the new Shares issued and to be issued pursuant to the Acquisition of IBSB, Public Issue as disclosed in Sections 5.3 and 5.4 of this Prospectus respectively and the 80 Shares subscribed by Lim Ooi Joo and Teo Hock Choon, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (e) Other than our Public Issue as disclosed in Section 5.4 of this Prospectus, there is no intention on the part of our Directors to issue any part of the authorised but unissued share capital of our Company.
- (f) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

15.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Company's Articles of Association are based on the current Listing Requirements and the Companies Act 1965. After our IPO, we will undertake an exercise to amend the relevant provisions of our Company's Articles of Association to align it and to be consistent with the Act.

(1) Remuneration of Directors

The provisions in our Articles of Association dealing with remuneration of Directors are as follows:

Article 90 – Directors' remuneration

The fees payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree provided always that:-

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (a) salaries payable to executive Director(s) may not include a commission on or percentage of turnover;
- (b) fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;
- (c) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (d) fees payable to Directors shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 91(2) – Reimbursement of expenses

If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

Article 114 – Remuneration of Managing Director

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

Article 112(1) - Alternate Director

A Director may appoint any person approved by a majority of his co-Directors to act as his alternate Director and at his discretion by way of a notice to the Company, remove such alternate Director from office. PROVIDED ALWAYS that any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.

(2) Voting and Borrowing Powers of the Directors

The provisions in our Articles of Association dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Article 107 – Chairman to have a casting vote

Subject to these Articles, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a decision of the Directors and provided always that in the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. However, in the case of an equality of votes and where 2 Directors form a quorum, the Chairman of a meeting at which only such a quorum is present or at which only 2 Directors are competent to vote on the question at issue, shall not have a casting vote.

Article 94 – Directors' borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries.

Article 109 – Disclosure of Interest & Restriction on Discussion and Voting

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 131A of the Companies Act, 1965, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

Article 110 – Power to vote

Subject to Article 109, a Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

(3) *Changes in Share Capital and Variation of Class Rights*

The provisions in our Articles of Association dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Article 4 – Allotment of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles, the Central Depositories Act, any other requirements of the Securities Commission, the Companies Act, 1965 and to the provisions of any resolution of the Company, shares in the Company for the time being unissued (whether forming part of the original capital or of any increase in capital) are under the control of the Directors who may issue, allot or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Companies Act, 1965;
- (b) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (c) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meeting;
- (d) every issue of shares or options to employees and/or Directors of the Company and its subsidiaries under an Employee Share Option Scheme shall be approved by the Members in general meeting; and
- (e) no Director shall participate in a scheme that involves a new issuance of shares to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director.

Article 5(2) – Rights of preference shareholders

A holder of preference shares must have a right to vote in each of the following circumstances:-

- (a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects the rights attached to the preference shares;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Article 6 – Repayment of preference capital

Notwithstanding Article 5, the repayment of preference capital other than redeemable preference capital or any alteration of preference shareholders' rights shall only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing obtained from the holders of three fourths (3/4) of the preference capital concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Article 48 – Power to increase capital

Subject to the provisions of the Securities Laws, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Article 51 – Power to alter capital

The Company may by Ordinary Resolution and subject to the securities laws: -

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association of the Company by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Companies Act, 1965 and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or greed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of these Articles and the Companies Act, 1965, convert and/or re-classify any class of shares into any other class of shares.

Article 52 – Power to reduce capital

The Company may by Special Resolution, subject to the Securities Laws, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner authorised by the Companies Act, 1965 and subject to any consent required by law.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Article 7 – Modification of class rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three fourths (3/4) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Companies Act, 1965 shall apply with such adaptations as are necessary.

Article 8 – Alteration of rights by issuance of new shares

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

(4) Transfer of Shares

The provisions in our Articles of Association in respect of the arrangement for transfer of securities of our Company and restrictions on their free transferability are as follows:

Article 23 – Transfer of shares

The transfer of any listed security or class of any listed security of the Company, shall be by way of book entry by Bursa Depository in accordance with the Rules of Bursa Depository and, notwithstanding Sections 103 and 104 of the Companies Act, 1965, but subject to Section 107C(2) of the Companies Act, 1965 and any exemption that may be made from compliance with Section 107C(1) of the Companies Act, 1965, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 27 – No transfer to infant, bankrupt or person of unsound mind

No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 26 – No liability for fraudulent transfer

Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Article 139 – Dividends due may be retained until registration

The Directors may retain the dividends payable upon shares in respect of which any person is under the provision as to the transmission of shares herein before contained entitled to become a Member or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

Article 24 – Transferor's Right

Subject to any written law, the instrument of transfer of any security that is not deposited with Bursa Depository shall be in writing and in any usual or common form or in any other form which the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members thereof.

Article 25 – Deposited Security

Bursa Depository may refuse to register any transfer of the Deposited Security that does not comply with the Central Depositories Act and the Rules of Bursa Depository.

Article 29 – Suspension of registration

The registration of transfer may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole 30 days in any year. At least 10 market days' notice of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. The said notice shall state the reason for which the Register is being closed. At least 3 market days before the notice shall be given to Bursa Depository to prepare the appropriate Record of Depositors.

15.3 GENERAL INFORMATION

- (a) Save for the purchase consideration paid to the shareholders of our subsidiary pursuant to the Acquisition of IBSB as disclosed in Section 5.3 of this Prospectus, Directors' remuneration as disclosed in Section 8.2.4 of this Prospectus, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoter, Director or substantial shareholder.
- (b) Save as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 16 of this Prospectus.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**15.4 MATERIAL LITIGATION AND CONTINGENT LIABILITY**

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Directors do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

Save as disclosed below, our Directors are not aware of any contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries as at the LPD:

	RM'000
Bank guarantees issued for contract works being carried out by our Group	29,624

15.5 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries within the past 2 years immediately preceding the date of this Prospectus:

- (a) The sale and purchase agreement dated 29 June 2015 entered into between IBSB with Khor Ngee Leong and Tan Lee Lee whereby IBSB agreed to dispose the property held under Individual Title HSD 141054, PT 71368, Pekan Kajang, District of Ulu Langat, Selangor measuring approximately 511.95m² in area together with a double and half storey bungalow erected thereon bearing postal address known as No. 95, Jalan Jade Hills 1/1, Jade Hills, 43000 Kajang, Selangor for a total cash consideration of RM1,950,000.00 only. This sale and purchase transaction was completed on 17 February 2016;
- (b) The sale and purchase agreement dated 29 December 2015 entered into between IBSB with Ding Wan Ying and Andrew Ting Teck Ing whereby IBSB agreed to dispose the property held under Strata Title Geran 162711/M1/4/8, Bangunan No. M1, Tingkat No. 4, Petak No. 8, Lot 70891, Mukim Klang, District of Klang, Selangor measuring approximately 272m² in area together with one unit of shop office erected thereon bearing postal address known as No. 2-3C, Jalan Anggerik Vanilla Q 31/Q, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor for a total cash consideration of RM585,600.00 only. As at the LPD, this sale and purchase transaction has yet to be completed;
- (c) The sale and purchase agreement dated 29 December 2015 entered into between IBSB and Jasmine Teoh Tsu Shien whereby IBSB agreed to dispose the property held under Strata Title Geran 162711/M1/49, Bangunan No. M1, Tingkat No. 4, Petak No. 9, Lot 70891, Mukim Klang, District of Klang, Selangor measuring approximately 290.10m² in area together with one unit of shop office erected thereon bearing postal address known as No. 2-3B, Jalan Anggerik Vanilla Q 31/Q, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor for a total cash consideration of RM624,600.00 only. As at the LPD, this sale and purchase transaction has yet to be completed;
- (d) The share sale agreement dated 23 June 2016 and the supplemental share sale agreement dated 6 March 2017 entered into between our Company and the IBSB Vendors for the Acquisition of IBSB, which was completed on 17 March 2017;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (e) The Underwriting Agreement dated 3 April 2017 entered into between our Company and M&A Securities for the underwriting of 46,776,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares being underwritten;
- (f) The sale and purchase agreement dated 24 January 2017 entered into between Eco Terraces Development Sdn Bhd and IBSB whereby IBSB agreed to purchase one unit of apartment known as Parcel No. 16-03, Storey No. 16 measuring approximately 101.82m² together with accessory parcels distinguished as car park No. CP-06-050 (Level 6), CP-06-049 (Level 6) and air conditioner ledge Eco Terrace erected on land held under master title HSD 14747 No. PT 2509 and HSD 14749 No. PT 2511, both of Mukim 13, Daerah Timor Laut, Pulau Pinang for a total cash consideration of RM954,000.00 only. As at the LPD, this sale and purchase transaction has to yet to be completed; and
- (g) The sale and purchase agreement dated 24 January 2017 entered into between Eco Terraces Development Sdn Bhd and IBSB whereby IBSB agreed to purchase one unit of apartment known as Parcel No. 16-03A, Storey No. 16 measuring approximately 101.82m² together with accessory parcels distinguished as car park No. CP-06-044 (Level 6), CP-06-043 (Level 6) and air conditioner ledge Eco Terrace erected on land held under master title HSD 14747 No. PT 2509 and HSD 14749 No. PT 2511, both of Mukim 13, Daerah Timor Laut, Pulau Pinang for a total cash consideration of RM954,000.00 only. As at the LPD, this sale and purchase transaction has to yet to be completed.

15.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to the LPD, there were:

- (a) no public take-over offers by third parties in respect of our Shares; and
- (b) no public take-over offers by our Company in respect of other companies' shares.

15.7 CONSENTS

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Principal Banker, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the Pro forma Consolidated Financial Information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the Independent Market Research Report titled "Strategic Analysis of The Construction Industry in Malaysia", in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.8 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 12 months from the date of this Prospectus:

- (a) Memorandum and Articles of Association of our Company;
- (b) The audited financial statements of IBGB Group for the FYEs 2014, 2015 and 2016;
- (c) The Accountants' Report as set out in Section 12 of this Prospectus;
- (d) The Reporting Accountants' reports relating to our pro forma consolidated financial information as set out in Section 13 of this Prospectus;
- (e) The executive summary of the IMR Report as set out in Section 7 of this Prospectus, and the full report thereon;
- (f) The Directors' report as set out in Section 14 of this Prospectus;
- (g) The material contracts as set out in Section 15.5 of this Prospectus; and
- (h) The letters of consent as set out in Section 15.7 of this Prospectus.

15.9 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on 5 May 2017 and will remain open until at 5.00 p.m. on 15 May 2017 or for such further period or periods as our Directors, Promoters, Offerors and the Underwriter may in their absolute discretion may mutually decide. Any changes to the Closing Date will be published in a widely circulated daily Bahasa Malaysia and English newspapers within Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the applications for our IPO Shares, allotment of our IPO Shares and Listing would be extended accordingly. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

16.2 METHODS OF APPLICATION

The Applications shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles.

Types of Application	Application Method
Applications for the 20,013,000 Issue Shares made available for application by our eligible Directors, employees and business associates/persons who have contributed to the success of our Group.	Pink Form Applications only
Applications for the 26,763,000 Issue Shares made available for applications by the Malaysian Public:	
(a) Malaysian Public – Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Malaysian Public – Non-Individuals	White Application Form only

FULL INSTRUCTIONS FOR THE APPLICATION FOR OUR IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.3 APPLICATIONS USING APPLICATION FORM**16.3.1 Types of Application Forms**

The following relevant Application Forms are issued with their notes and instructions enclosed together with this Prospectus:

- (a) **Pink Application Forms** for application by our eligible Directors, employees and business associates/persons who have contributed to the success of our Group.
- (b) **White Application Forms** for application by the Malaysian Public.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from M&A Securities, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and our Issuing House.

The submission of an Application Form does not necessarily mean that your application will be successful.

16.3.2 Terms and Conditions for Applications Using Application Forms

Only 1 Application Form from each applicant will be considered and an application must be for 100 ordinary shares or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If you submit multiple applications in your own name or by using the name of others, with or without their consents, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA.

Application for our IPO Shares must be made on the respective Application Form provided together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and in this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed thereon shall constitute integral part of this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed thereon or which are illegible may not be accepted.

Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:

- (a) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
- (b) MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); or
- (c) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (d) ATM STATEMENTS OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:
 - HONG LEONG BANK BERHAD;
 - MALAYAN BANKING BERHAD;
 - RHB BANK BERHAD.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

made out in favour of:

"TIIH SHARE ISSUE ACCOUNT NO. 674"

and crossed **"A/C Payee Only"** (excluding ATM statements) and endorsed on the reverse side with your name and address.

Applications accompanied by mode of payment other than in the manner stated above or with excess or insufficient remittances or inappropriate Banker's Drafts, Cashier's Orders, Money Orders or Postal Order, ATM Statement or GGO will not be accepted. Details of remittances must be completed in the appropriate boxes provided in the Application Forms.

If you are an individual and not a member of the Armed Forces/Police, your name and national registration identity card number must be exactly the same as that stated in:

- (a) Your national registration identity card;
- (b) Any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) Your "Resit Pengenalan Sementara ("KPPK 09") issued pursuant to Peraturan 5(5), Peraturan- Peraturan Pendaftaran Negara 1990.

If you are a member of the Armed Forces/Police, your name and your Armed Forces or Police personnel number, as the case may be, must be exactly the same as that stated in your authority card and your address must be the address of your respective camp, base or station.

For corporation/institutional applicants, the name and certificate of incorporation number must be exactly the same as that stated in the corporation's or certificate of incorporation and the address must be the registered address.

We, together with our Issuing House will not issue any acknowledgement of the receipt of your Application Form or application monies.

Applications accompanied by mode of payment other than those stated above or with excess or insufficient remittance may not be accepted. You must complete details of the remittance in the appropriate boxes provided on the Application Form.

You must state your CDS Account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to our Issuing House and/or our Company. If you do not presently have a CDS Account, you may open 1 by contacting any one of the ADAs listed in Section 16.9 of this Prospectus.

You must write your name and address on the reverse side of the Banker's Draft, Cashier's Order, ATM statement, Money Order or GGO from Bank Simpanan Nasional Malaysia Berhad.

Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (KPPK 09)" /authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable) into the Official "A" envelope and seal it.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

You must write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (KPPK 09)" /authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable).

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

OR **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at 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

so as to arrive not later **than 5.00 p.m. on 15 May 2017** or such other date or dates as our Directors and the Sole Underwriter may, in their absolute discretion, mutually decide.

Registered post must not be used.

No acknowledgement of the receipt of Application Forms or application monies will be made.

Please direct all enquiries in respect of the White Application Form to our Issuing House.

16.4 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

16.4.1 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches with the respective processing fee:

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (as selected branches only) – RM2.50

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.4.2 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions. For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in Section 16.4.3 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read and understand carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

In the case of Electronic Share Application, only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

You must have an existing bank account with, and be an ATM cardholder of, 1 of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of offer for the application for our IPO Shares on 15 May 2017 at 5.00 p.m., the Participating Financial Institutions shall submit the magnetic tapes containing their respective customers' applications for our IPO Shares to our Issuing House as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

You are allowed to make an Electronic Share Application for our IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institutions with which you have an account and its branches, subject to you making only 1 Application. You can apply for our IPO Shares via an ATM card of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only 1 Application.

You must ensure that you use your own CDS Account number when making an Electronic Share Application. If you have a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS Account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of our Company.
- (b) You are required to confirm the following statements (by depressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:
 - (i) You have attained 18 years of age as at the Closing Date;
 - (ii) You are a Malaysian citizen residing in Malaysia;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - (iv) This is the only application that you are submitting; and
 - (v) You thereby give consent to the participating financial institution and Bursa Depository to disclose information pertaining to yourself and your account with the participating financial institution and Bursa Depository to our Issuing House and other relevant authorities.
- (c) Your Application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 133 of the Financial Service Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to our Issuing House or any other relevant regulatory bodies.
- (d) You confirm that you are not applying for our IPO Shares as nominee of any other person and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make 1 Electronic Share Application and shall not make any other application for our IPO Shares, whether at the ATMs of any Participating Financial Institution or on the prescribed Application Forms or via Internet share application.
- (e) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (f) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles.
- (g) Our Issuing House, acting under the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (h) You request and authorise us:
- (i) to credit our IPO Shares allotted or allocated to you into your CDS Account; and

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, Issuing House, the Participating Financial Institution or Bursa Depository, and irrevocably agree that if:
 - (i) our Company or Issuing House do/does not receive your Electronic Share Application; and
 - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or Issuing House,you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against the Company, the Issuing House, the Participating Financial Institutions or Bursa Depository for our IPO Shares applied for or for any compensation, loss or damage.
- (j) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your particulars as recorded by both Bursa Depository and the relevant participating financial institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:
 - (i) in consideration of our Company agreeing to allow and accept the making of any application for our IPO Shares via the Electronic Share Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) our Company, the Participating Financial Institutions, Bursa Depository and our Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/their control;
 - (iii) notwithstanding the receipt of any payment by our Company or on behalf of our Company, the acceptance of your offer to subscribe for and purchase of our IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;
 - (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (v) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the electronic share scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) Our Issuing House, acting under the authority of our Board, reserves the right to reject applications which do not conform to these instructions.

16.4.3 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (b) You must have a CDS Account; and
- (c) You have to choose the Electronic Share Application option at the ATM of the Participating Financial Institution. Mandatory statements required in the Application are set out on Section 16.4.2 of this Prospectus relating to the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:
- Personal Identification Number ("PIN Number");
 - **TIIH Share Issue Account No. 674;**
 - CDS Account number;
 - Number of IPO Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

16.5 APPLICATIONS USING INTERNET SHARE APPLICATION

16.5.1 Steps for Internet Share Application through an Internet Participating Financial Institution's website

The exact steps for Internet Share Application in respect of the Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for our IPO Shares via Internet Application may be as set out below. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

YOU MUST HAVE A CDS ACCOUNT BEFORE YOU CAN MAKE ANY APPLICATION FOR THE SHARES. PLEASE TAKE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (b) Login to the Internet financial services facility by entering your user identification and PIN Number/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of our IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the Shares counter, NRIC number, CDS Account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

By confirming such information, you also undertake that the following information given is true and correct:

- (i) You have attained 18 years of age as at the Closing Date;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our IPO Shares;
- (v) The Internet Share Application is the only application that you are submitting for our IPO Shares;
- (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- (vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Service Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (viii) You are not applying for our IPO Shares as a nominee of any other person and the application is made in your own name, as the beneficial owner and subject to the risks referred to in this Prospectus; and
- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO Shares. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (h) Upon submission of your online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for our IPO.
- (i) As soon as your transaction is completed, a message from the Authorised Financial Institution pertaining to your payment status will appear on the screen of the website through which the online payment of your application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that your Internet Share Application has been completed, via the Confirmation Screen on its website.
- (k) You are advised to print out the Confirmation Screen for reference and retention.

16.5.2 Terms and Conditions for Internet Share Application

Applications for our IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

YOU ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

Internet Share Applications may be made through a website of the following Participating Financial Institutions with the respective processing fee:

- CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
- CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;
- Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
- RHB Bank Berhad (www.rhb.com.my) – RM2.50;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- Affin Bank Berhad (www.affinOnline.com) – No fees will be charged for application by their account holders;
- Public Bank Berhad (www.pbebank.com) – RM2.00; and

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND THE SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF OUR IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:

- (a) You can make an Internet Share Application if you fulfill all of the following:
- (i) You are an individual with a CDS Account and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS Account registered in the joint account holder's name;
 - (ii) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and Personal Identification Numbers ("PIN")/password for the relevant Internet financial services facilities; and
 - (iii) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Memorandum and Articles.
- (c) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
- (i) You have attained 18 years of age as at the Closing Date;
 - (ii) You are a Malaysian citizen residing in Malaysia;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in the Prospectus before making your Internet Share Application for our IPO;
 - (v) Your Internet Share Application is the only application that you are submitting for our IPO Shares;
 - (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Service Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) You are not applying for our IPO Shares as a nominee of any other person and your application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.5.2 (c) of this Prospectus.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) You irrevocably agree and undertake to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted to you in respect of the Internet Share Application. If our Company decides to allot or allocate any lesser number of such Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision of our Company as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (i) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
 - (ii) Your agreement to be bound by the Memorandum and Articles of our Company.
- (g) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefore. We will give due consideration to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
 - (h) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financing Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 market days after receipt of written confirmation from our Issuing House.

Our Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within 2 Market Days from the balloting date.

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within 2 Market Days after receipt of written confirmation from our Issuing House.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, and subsequently rejected, your application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to you by the Internet Participating Financial Institutions by crediting into the applicant's account with the Internet Participating Financial Institution within 10 Market Days from the day of the final ballot of the applications list.

If your application is held in reserve and which are subsequently unsuccessful (or only partly successful), the Issuing House shall inform the relevant Participating Financial Institutions of the non-successful or partly successful Applications within 2 Market Days after the final balloting date. The Internet Participating Financial Institutions will then credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into your account within 2 Market Days after the receipt of written confirmation from the Issuing House.

Except where our Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of IPO Shares allotted, if any, before trading of our IPO Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 15 May 2017 or such other date(s) as our Directors, Promoters, and Vendor's together with the Underwriter may decide in their absolute discretion. An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) You irrevocably agree and acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, our Issuing House and our Company. If, in any such event, we, our Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment therefore, or in the event that any data relating to your Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have made no claim whatsoever against us, our Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (k) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, our Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particular as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allocation or allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, you are deemed to have agreed that:
- (i) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institution acting as our agents, the Internet Share Application is irrevocable;
 - (ii) you have irrevocably requested and authorised us to register our IPO Shares allotted or allocated to you for deposit into your CDS Account;
 - (iii) neither we nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to your Internet Share Application to our Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.5.2(j) of this Prospectus or to any cause beyond their control;
 - (iv) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by our Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (v) the acceptance of the offer made by you to subscribe for our IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your Internet Application by us;
 - (vii) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, M&A Securities and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application; and

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (viii) the acceptance of your Internet Share Application by us and the contract resulting therefrom under our IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.

16.6 APPLICATIONS AND ACCEPTANCES

You can only apply for our IPO Shares if:

- (i) You have attained 18 years of age as at the Closing Date;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You are a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of Directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens;
- (iv) You are a superannuation, provident or pension fund established or operating in Malaysia;
- (v) You have a CDS Account;
- (vi) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
- (vii) You are not a Director or employee of our Issuing House or their immediate family members;
- (viii) This is the only application that you are submitting; and
- (ix) You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining yourself and your account with the Participating Financial Institution and Bursa Depository to us, our Issuing House and other relevant authorities.

The amount payable in full on application is RM0.25 per IPO Share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications or by way of Internet Share Application and vice versa. A corporation or institution cannot submit an Application by way of Electronic Share Application or Internet Share Application.

Our Issuing House, acting under the authority of our Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our IPO Shares.

Our Issuing House, acting under the authority of our Board reserves the right not to accept any application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefore.

The submission of your Application Form or the completion of your Electronic Share Application or Internet Share Application does not necessarily mean that your Application will be successful.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner, and in our best interest. Due consideration will be given to the desirability of distributing our IPO Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the trading of our Shares.

The final allocation of our IPO Shares to any single applicant will be made to ensure that our Company complies with the public shareholding spread requirement under the Listing Requirements, which is at least 25.0% of our total enlarged share capital of our Shares for which listing is sought must be in the hands of public shareholders, with a minimum of 200 public shareholders holding not less than 100 Shares each upon admission to the Official List of the ACE Market of Bursa Securities. In the event that the above requirement is not met pursuant to our Listing, we may not be allowed to proceed with our Listing. In the event thereof, your monies paid in respect of your Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner determined by our Directors.

YOUR APPLICATION MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an under-subscription of IPO Shares by the Malaysian Public, such number of IPO Shares not applied for will be reallocated in the manner as specified in Section 3.4.5 of this Prospectus.

If you are unsuccessful/partially successful in your Application, the full amount or the balance of the Application monies, as the case may be, will be refunded without interest in the following manner:

- (a) For an Application by way of Application Form, the application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided, by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend /distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your last address maintained with the Bursa Depository, if you have not provided such bank account information to Bursa Depository (for partially successful applications), at your own risk within 10 Market Days from the date of the final ballot.

If your application is rejected because you did not provide a CDS Account, the full amount of your application monies will be sent to you to the address as per the NRIC or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time, or authority card in the case of armed forces/police personnel, at your own risk.

Our Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded within 10 Market Days from the date of the final ballot by crediting into your bank account for purposes of cash dividend /distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your last address maintained with the Bursa Depository at your own risk if you have not provided such bank account information to Bursa Depository.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) For an Application by way of Electronic Share Application, where an Electronic Share Application is not successful or successful in part only, the relevant participating financial institution will be informed of the non-successful or partially successful applications. If the Electronic Share Application is not successful, the relevant Participating Financial Institutions will credit the full amount of your Application monies into your account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from our Issuing House. Our Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within 2 Market Days after the balloting date. You may check your account on the 5th Market Day from the balloting date.

Where your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of your Application monies without interest into your account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from our Issuing House. A number of Applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such Applications, which are subsequently rejected, the Application monies without interest will be refunded to you by the Participating Financial Institutions by crediting into the applicant's account with the Participating Financial Institution not later than 10 Market Days from the day of the final ballot of the application list.

Where for Applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Issuing House shall inform the relevant Participating Financial Institutions of the non-successful or partly successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will then credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into your account within 2 Market Days after the receipt of written confirmation from the Issuing House.

- (c) For an Application by way of Internet Share Application, please refer to Section 16.5.2(h).

If you encounter any problems in your Application, you may refer to the Participating Financial Institutions.

If you are successful in your Application, our Directors reserve the rights to require you to appear in person at the registered office of our Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any of your expenses incurred or to be incurred for the purpose of complying with this provision.

Your remittance having been presented for payment shall not signify that your Application has been accepted.

16.7 CDS ACCOUNT

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Issues Shares as Prescribed Securities. In consequence thereof, the share issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the Securities Industry (Central Depository) Act, 1991 and Rules of Bursa Depository.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Following the above, in accordance to Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, all dealings in our IPO Shares of our Company including our IPO Shares will be by book entries through CDS Accounts. No share certificates will be issued to you.

You must have a CDS Account when applying for our IPO Shares. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares.

In the case of an Application by way of Application Form, you should state your CDS Account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to our Issuing House or our Company and any relevant regulatory bodies, as the case may be.

In the case of an Application by way of Electronic Share Application, you shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS Account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS Account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS Account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his / her CDS Account number, our Issuing House, on our authority, will reject the Application. Our Issuing House, acting under the authority of our Board also reserves the right to reject any incomplete and inaccurate Application.

Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

16.8 NOTICES OF ALLOTMENT

Our IPO Shares allocated to you will be credited into your CDS Account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and relevant participating financial institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by calling your respective ADAs as stated in Section 16.9 or at the telephone numbers of our Issuing House stated below (during office hours only) or by checking at our Issuing House's website stated below after the date of allotment of the Shares:

Issuing House Enquiry Services : 03-2783 9299
Issuing House Website : www.myetricor.com

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.9 LIST OF ADAs**

The list of ADAs and their respective addresses, telephone numbers and ADA codes are as follows:

Name	Address and telephone number	ADA Code
KUALA LUMPUR		
AFFIN HWANG INVESTMENT BANK BHD	Ground, Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BHD	No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021
ALLIANCE INVESTMENT BANK BHD	17 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 3333	076-001
AMINVESTMENT BANK BERHAD	8-9, 11-18, 21-25 Floor Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2036 2633	086-001
BIMB SECURITIES SDN BHD	32 nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2691 8887	024-001
CIMB INVESTMENT BANK BHD	Principal Office Level 17, Menara CIMB Jalan Stesen Sentral 2 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001
CITIGROUP GLOBAL MARKETS MALAYSIA SDN BHD	Level 43, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2383 3890	038-001
CLSA SECURITIES MALAYSIA SDN BHD	Bilik 20-01, Aras 20 Menara Dion2 7 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2056 7888	033-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
KUALA LUMPUR (CONT'D)		
CREDIT SUISSE SECURITIES (MALAYSIA) SDN BHD	Suite 7.6, Level 7 Menara IMC8, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 2723 2020	036-001
FA SECURITIES SDN BHD	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 2288 1676	021-002
HONG LEONG INVESTMENT BANK BERHAD	Level 6, 7, 17, 19, 22 & 23 Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001
AFFIN HWANG INVESTMENT BANK BHD	Tingkat 2, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
INTER-PACIFIC SECURITIES SDN BHD	No.33 (First Floor) Jalan Radin Bagus 57000 Bandar Baru Seri Petaling Tel No.: 03-9056 2922	054-007
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Tingkat Bawah, 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
J.P.MORGAN SECURITIES (MALAYSIA) SDN BHD	Level 18, Integra Tower The Intermark, 348 Jalan Tun Razak 50250 Kuala Lumpur Tel No.: 03-2270470	035-001
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
KUALA LUMPUR (CONT'D)		
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 th - 14 th Floor Chulan Tower, No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2168 8800	053-001
KENANGA INVESTMENT BANK BHD	Level 10,11 & 12 Kenanga Tower 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2173 2888	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4297 8806	073-020
KENANGA INVESTMENT BANK BERHAD	Ground, Mezzanine, 1st & 2nd Floors (West & Center Wing) & 1st Floor East Wing Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-021
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	073-029
M & A SECURITIES SDN BHD	Aras 1-3, No. 45 & 47 and No. 43-6 The Boulevard, Bandar Mid Valley Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
M & A SECURITIES SDN BHD	22A & 22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200, Kuala Lumpur Tel No.: 03-7983 9890	057-004
MACQUARIE CAPITAL SECURITIES(MALAYSIA) SDN BHD	Aras 10, Menara Dion 27 Jalan Sultan Ismail 50250, Kuala Lumpur Tel. No.: 03-2059 8833	032-001
MALACCA SECURITIES SDN BHD	55-1 Jalan Metro Perdana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur Tel No.: 03-6241 8595	012-009

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
KUALA LUMPUR (CONT'D)		
MALACCA SECURITIES SDN BHD	No. 76, Jalan Wangsa Maju Delima 6, Pusat Bandar Wangsa Maju (KLSC) 53300 Setapak Kuala Lumpur Tel No.: 03-4144 2565	012-012
MAYBANK INVESTMENT BANK BERHAD	Tingkat 5-13, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MAYBANK INVESTMENT BANK BERHAD	Tingkat 27, 31 to 33 Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel No.: 03-2059 1888	098-007
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BHD	8 th , 9 th , 10 th , 11 th & 12 th Floor Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
NOMURA SECURITIES MALAYSIA SDN BHD	Suite 16.5, Level 16 Menara IMC, Letter Box 47 8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 2027 6811	037-001
PM SECURITIES SDN BHD	Ground Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BHD	27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2268 3000	051-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
KUALA LUMPUR (CONT'D)		
RHB INVESTMENT BANK BHD	Tingkat 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
RHB INVESTMENT BANK BHD	Tingkat 12, 15 (Sebahagian), 20 (sebahagian) & 21 Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	087-018
RHB INVESTMENT BANK BHD	No. 62, 62-1, 64 & 64-1 Vista Magna Jalan Prima, Metro Prima 52100 Kepong Kuala Lumpur Tel No.: 03-6257 5869	087-028
RHB INVESTMENT BANK BHD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BHD	Ground, First, Second and Third Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058
TA SECURITIES HOLDINGS BHD	Tingkat 13-15, 23,28-30,32,34 & 35 No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UBS SECURITIES MALAYSIA SDN BHD	Level 7 Wisma Hong Leong 18, Jalan Perak 50450, Kuala Lumpur Tel No.: 03-2781 1100	031-001
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, Plaza Damas60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
KUALA LUMPUR (CONT'D)		
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010
SELANGOR DARUL EHSAN		
AFFIN HWANG INVESTMENT BANK BHD	3rd & 4th floors, Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019
AFFIN HWANG INVESTMENT BANK BHD	Lot 229, Tingkat 2, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	068-020
AFFIN HWANG INVESTMENT BANK BHD	First Floor, No. 79 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1999	068-023
AMINVESTMENT BANK BERHAD	Aras 4, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
CIMB INVESTMENT BANK BHD	Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 25 & 26 Menara LGB No.1 Jalan Wan Kadir 60000 Kuala Lumpur Selangor Darul Ehsan Tel No.: 03-7724 6888	066-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
SELANGOR DARUL EHSAN (CONT'D)		
AFFIN HWANG INVESTMENT BANK BHD	16 th , 18 th -20 th Floor Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
JF APEX SECURITIES BHD	3 rd , 5 th , 6 th and 10 th Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BHD	Level 16, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
JF APEX SECURITIES BHD	Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No.: 03-5879 0163	079-004
JUPITER SECURITIES SDN BHD	No. 42 – 46, 3 rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5632 4838	055-004
KENANGA INVESTMENT BANK BHD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7862 6200	073-005
KENANGA INVESTMENT BANK BHD	55C (2 nd Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-006

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
SELANGOR DARUL EHSAN (CONT'D)		
KENANGA INVESTMENT BANK BHD	Lot 240, Second Floor The Curve, No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016
AFFIN HWANG INVESTMENT BANK BHD	East Wing & Centre Link Tingkat 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
KENANGA INVESTMENT BANK BHD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118	073-030
KENANGA INVESTMENT BANK BHD	No. 35, Ground, 1 st and 2 nd Floor Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-035
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-002
MALACCA SECURITIES SDN BHD	No. 58A & 60A, Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 1300 221 223	012-003
MALACCA SECURITIES SDN BHD	No 39-2 Jalan Temenggung 21/9 Seksyen 9 43200 Mahkota Cheras Selangor Darul Ehsan Tel No.: 03-9011 5913	012-011
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend, Intan Millennium Square 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
SELANGOR DARUL EHSAN (CONT'D)		
MAYBANK INVESTMENT BANK BERHAD	Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004
PM SECURITIES SDN BHD	1st Floor, 157-A Jalan Kenari 2/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
RHB INVESTMENT BANK BHD	24, 24M, 24A, 26M, 28M, 28A, 30, 30M & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011
RHB INVESTMENT BANK BHD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BHD	First Floor 10 & 11 Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047
RHB INVESTMENT BANK BHD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048
RHB INVESTMENT BANK BHD	Unit 1B, 2B & 3B, USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8023 6518	087-059
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
SELANGOR DARUL EHSAN (CONT'D)		
SJ SECURITIES SDN BHD	No. 74-2, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 3322 1915	096-004
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 3rd Floor, 10 Boulevard, Lebuhraya Sprint, PJU 6 ^a 47400, Damansara Selangor Darul Ehsan Tel No.: 3322 1915	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7795 5713	058-007
PERAK DARUL RIDZUAN		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd and 3 rd Floor No. 8, 8A-C, Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, Aras 1,2 & 3 21 Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
PERAK DARUL RIDZUAN (CONT'D)		
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, 1 & 2 No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559 988	068-015
KENANGA INVESTMENT BANK BHD	Ground, 1 st , 2 nd & 4 th Floor No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022
KENANGA INVESTMENT BANK BHD	Ground Floor, No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6939 828	073-031
M & A SECURITIES SDN BHD	5th, 6th, & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
MALACCA SECURITIES SDN BHD	No.1 First Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-254 1533	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Aras Bawah), Aras 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002
RHB INVESTMENT BANK BHD	No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
PERAK DARUL RIDZUAN (CONT'D)		
RHB INVESTMENT BANK BHD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023
RHB INVESTMENT BANK BHD	Tingkat Bawah, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No.72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044
RHB INVESTMENT BANK BHD	No. 1 & 3, First Floor Jalan Wawasan Satu Taman wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-717 0888	087-052
TA SECURITIES HOLDINGS BHD	Bahagian Kanan Tingkat Bawah, Tingkat 1 & 2, Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6216 010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No.: 05-2411 290	078-013
PULAU PINANG		
ALLIANCE INVESTMENT BANK BHD	Ground & Mezzanine Floor Bangunan Berkath 21 Beach Street 10300, Georgetown Penang Tel No : 04-2611 688	076-015

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
PULAU PINANG (CONT'D)		
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2261 818	086-001
CIMB INVESTMENT BANK BHD	Level 2, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2385 900	065-003
AFFIN HWANG INVESTMENT BANK BHD	Level 2, 3, 4, 5 & 7, Wisma Sri Pinang 60, Green Hall; and Levels 2,3,4,5,6,7& 8, Wisma Sri Pinang II 42, Green Hall 10200 Penang Tel No.: 04-2636 996	068-001
AFFIN HWANG INVESTMENT BANK BHD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Penang Tel No.: 04-5372 882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 & Level 3 No.56 Cantonment Road 10250 Penang Tel No.: 04-2268 288	054-002
JF APEX SECURITIES SDN BHD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Penang Tel No.: 04-2289 118	079-005
JUPITER SECURITIES SDN BHD	20-1 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-641 2881	055-003
KENANGA INVESTMENT BANK BHD	7 th , 8 th & 16 th Floor Menara Boustead 39, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2283 355	073-023
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Jalan Perak 11600 Georgetown Penang Tel No.: 04-2817 611	057-005

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
PULAU PINANG (CONT'D)		
M & A SECURITIES SDN BHD	216, 216A, 218 and 218A Pengkalan Weld Lebuh Macallum 10300 Penang Tel No.: 04-2617 611	057-008
MALACCA SECURITIES SDN BHD	No. 39-1 Jalan Lenggong Vantage Point 11600 Jelutong Penang Tel No.: 04-2821 533	012-004
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2 13700 Seberang Jaya Penang Tel No.: 04-3905 669	012-006
MALACCA SECURITIES SDN BHD	No.17, 1 st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Penang Tel No.: 04-6421 533	012-007
MALACCA SECURITIES SDN BHD	No.9-1-37, Taman Kheng Tian Jalan Van Praagh 11600 Jelutong Penang Tel No.: 04-2816 822	012-014
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, Tingkat 1, Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Penang Tel No.: 04 2196 888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua Seberang Perai 12000 Butterworth Penang Tel No.: 04-3322 123	093-001
MERCURY SECURITIES SDN BHD	2 nd Floor Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Penang Tel No.: 04-2639 118	093-004

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
PULAU PINANG (CONT'D)		
MERCURY SECURITIES SDN BHD	70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-6400 822	093-006
PM SECURITIES SDN BHD	3rd Floor, Wisma Wang 251-A, Jalan Burmah 10350 Penang Tel No.: 04-2273 000	064-004
RHB INVESTMENT BANK BHD	Aras Bawah, 1 dan 2 No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Penang Tel No.: 04-3900 022	087-005
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu dan Tingkat Dua No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Penang Tel No.: 04-5402 888	087-015
RHB INVESTMENT BANK BHD	Tingkat Bawah – Tingkat 3 & Tingkat 5 – Tingkat 8 64 & 64-D Lebuah Bishop 10200 Penang Tel No.: 04-2634 222	087-033
RHB INVESTMENT BANK BHD	No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5 dan 15-2-6 dan 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Penang Tel No.: 04-6404 888	087-042
SJ SECURITIES SDN BHD	12th Floor, Office Tower Hotel Royal Penang No. 3 Jalan Larut 10050 Georgetown Penang	096-003
TA SECURITIES HOLDINGS BHD	3 rd Floor, Bangunan Heng Guan No. 171 Jalan Burmah 10050 Penang Tel No.: 04-2272 339	058-010

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
PULAU PINANG (CONT'D)		
UOB KAY HIAN SECURITIES (M) SDN BHD	1st and 2nd Floor Bangunan Heng Guan No. 171 Jalan Burmah 10050 Penang Tel No.: 04-2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Penang Tel No.: 04-5541 388	078-003
KEDAH DARUL AMAN		
ALLIANCE INVESTMENT BANK BHD	2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004
AFFIN HWANG INVESTMENT BANK BHD	No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 8000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
RHB INVESTMENT BANK BHD	No. 112, Jalan Pengkalan Taman Pekan Baru 8000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017
RHB INVESTMENT BANK BHD	35, Tingkat Bawah Jalan Suria 1, Jalan Bayu 9000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019
RHB INVESTMENT BANK BHD	214-A, 214-B, 215-A & 215-B Medan Putra Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
NEGERI SEMBILAN DARUL KHUSUS		
AFFIN HWANG INVESTMENT BANK BHD	1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612 288	068-007
AFFIN HWANG INVESTMENT BANK BHD	No. 6, Tingkat Atas Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
KENANGA INVESTMENT BANK BHD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisam HM, Ground Floor No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
PM SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024
RHB INVESTMENT BANK BHD	Tingkat Satu, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-4421 000	087-037
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Mezanin No. 346 & 347, Batu 1/2, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
MELAKA		
CIMB INVESTMENT BANK BHD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898 800	065-006
KENANGA INVESTMENT BANK BHD	71 (Ground, A&B) & 73(Ground, A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-028
KENANGA INVESTMENT BANK BHD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang, 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003
PM SECURITIES SDN BHD	No. 6-1 Jalan Lagenda 2 Taman 1 Lagenda 75400 Melaka Tel No.: 06-2866 008	064-006
RHB INVESTMENT BANK BHD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2833 622	087-002
RHB INVESTMENT BANK BHD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026
TA SECURITIES HOLDINGS BHD	No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-008

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
MELAKA (CONT'D)		
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014
JOHOR DARUL TAKZIM		
ALLIANCE INVESTMENT BANK BHD	No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006
AMINVESTMENT BANK BERHAD	2 nd , 3 rd , 4 th Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-002
AMINVESTMENT BANK BERHAD	18 th & 31 st Floor Selesa Tower, Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343 855	086-001
CIMB INVESTMENT BANK BERHAD	No. 73 Ground Floor, No. 73A First Floor & No.79A First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-011
AFFIN HWANG INVESTMENT BANK BHD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
JUPITER SECURITIES SDN BHD	30-1 Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3538 878	055-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
JOHOR DARUL TAKZIM (CONT'D)		
KENANGA INVESTMENT BANK BHD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Mezzanine No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 500	073-009
KENANGA INVESTMENT BANK BHD	No. 33 & 35, (Tingkat Bawah dan Tingkat Satu A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010
KENANGA INVESTMENT BANK BHD	Tingkat Bawah No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-011
KENANGA INVESTMENT BANK BHD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-017
KENANGA INVESTMENT BANK BHD	Suite 16-02, 16-03 & 16-03A Level 16, Manara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2237 423	073-019
KENANGA INVESTMENT BANK BHD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-024
KENANGA INVESTMENT BANK BHD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678 885	073-025

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
JOHOR DARUL TAKZIM (CONT'D)		
KENANGA INVESTMENT BANK BHD	916 Ground Floor Jalan Bakek 82000 Pontian Johor Darul Takzim Tel No.: 07-6861 121	073-037
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003
M & A SECURITIES SDN BHD	26 Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel No.: 07-2366 288	057-006
M & A SECURITIES SDN BHD	No. 27, 27A & 27 B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 3551 988	057-007
MALACCA SECURITIES SDN BHD	1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000 Kulai Jaya Johor Darul Takzim Tel No: 07-6638 877	012-010
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3351 533	012-005
MALACCA SECURITIES SDN BHD	Lot 880, batu 3 ½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel No: 06-9536 948	012-015
MALACCA SECURITIES SDN BHD	31B Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim Tel No: 07-438 1533	012-016

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
JOHOR DARUL TAKZIM (CONT'D)		
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN BHD	Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-008
RHB INVESTMENT BANK BHD	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006
RHB INVESTMENT BANK BHD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009
RHB INVESTMENT BANK BHD	No. 33-1 Tingkat 1 & 2 (Unit Penjuru) Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
JOHOR DARUL TAKZIM (CONT'D)		
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Satu No. 40 Jalan Haji Mana 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BHD	Tingkat Satu No 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256 881	087-039
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat 1 & Tingkat 2 No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043
TA SECURITIES HOLDINGS BHD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009
TA SECURITIES HOLDINGS BHD	15 Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3647 388	058-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332 000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6637 398	078-005

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
JOHOR DARUL TAKZIM (CONT'D)		
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121 633	078-008
KELANTAN DARUL NAIM		
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Satu No. 3953-H, PT225, 1 st Floor, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020
TA SECURITIES HOLDINGS BHD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7433 388	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor Lot 712, Sek.9, PT62 Jalan Tok Hakim Bandar Kota Bharu 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-015
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BHD	Ground, Mezzanine & 1st Floor B-400 Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002
CIMB INVESTMENT BANK BHD	Ground 1 st & 2 nd Floor No. A-27, Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-2057 800	065-007

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
PAHANG DARUL MAKMUR (CONT'D)		
JUPITER SECURITIES SDN BHD	2 nd Floor, Lot No. 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 136	055-005
KENANGA INVESTMENT BANK BHD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-027
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 011-2577 7489	012-008
RHB INVESTMENT BANK BHD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943	087-022
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041
TERENGGANU DARUL IMAN		
ALLIANCE INVESTMENT BANK BHD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6238 128	021-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
TERENGGANU DARUL IMAN (CONT'D)		
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-8583 109	087-027
RHB INVESTMENT BANK BHD	1 st Floor No. 59, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 37B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-622 4766	078-016
SABAH		
CIMB INVESTMENT BANK BHD	1 st – 3 rd Floor, Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005
AFFIN HWANG INVESTMENT BANK BHD	Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
KENANGA INVESTMENT BANK BHD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032
RHB INVESTMENT BANK BHD	2nd Floor, No. 81 & 83 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	078-011

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
SABAH (CONT'D)		
UOB KAY HIAN SECURITIES (M) SDN BHD	177 & 178 Ground Floor Block 17 Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.: 089-218 681	078-012
SARAWAK		
AMINVESTMENT BANK BERHAD	1 st , 2 nd & 3 rd Floor No. 162, 164, 166 & 168 1 st , 2 nd & 3 rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-001
CIMB INVESTMENT BANK BERHAD	Aras 1 (Utara) Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel No.: 084-367 700	065-008
AFFIN HWANG INVESTMENT BANK BHD	Ground Floor & 1 st Floor No. 1, Jalan Pending 1 st Floor, No. 3, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AFFIN HWANG INVESTMENT BANK BHD	No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
SARAWAK (CONT'D)		
KENANGA INVESTMENT BANK BHD	Level 1-5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BHD	No. 11-12, (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012
KENANGA INVESTMENT BANK BHD	Ground Floor of Survey Lot No. 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000, Bintulu Sarawak Tel No.: 086-337 588	073-018
KENANGA INVESTMENT BANK BERHAD	Yung Kong Abell Suite 9 & 10, 3 rd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-248 877	073-036
MERCURY SECURITIES SDN BHD	1 st Floor No.16 jalan Getah 96100 Sarikei Sarawak Tel No.: 084-659 019	093-007
RHB INVESTMENT BANK BHD	Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008
RHB INVESTMENT BANK BERHAD	Lot 1268, 1 st & 2 nd Floor Lot 1269, 2 nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	087-012

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
SARAWAK (CONT'D)		
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	087-013
RHB INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat 1 No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053
TA SECURITIES HOLDINGS BHD	12G, Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
TA SECURITIES HOLDINGS BHD	Tingkat 2, (Bahagian Hadapan) Bangunan Binamas, Lot 138, Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1 st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & First Floor No.16 Lorong Intan 6 96000 Sibu Sarawak Tel No.: 084-252 737	078-018

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