

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.** If you have sold or transferred all your Shares, you should at once hand this Abridged Prospectus together with the NPA and RSF (collectively the "Documents") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd (036869-T), Level 7 Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents have also been lodged with the Registrar of Companies who takes no responsibility for the contents.

Approval for the Rights Issue has been obtained from our shareholders at our Company's EGM held on 16 July 2015. Approval has also been obtained from Bursa Securities vide its letter dated 10 June 2015 for the listing of and quotation for the Rights Shares on the Official List of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares will commence, amongst others, upon the receipt of confirmation from Bursa Depository that all the CDS Accounts of our Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. Admission to the Official List of Bursa Securities and quotation of the Rights Shares are in no way reflective of the merits of the Rights Issue.

The Board has seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information contained in the Documents and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make the statements in the Documents false or misleading.

The Documents are only despatched to our Entitled Shareholders who have a registered address in Malaysia in our Record of Depositors as at 5.00 p.m. on 24 July 2015 ("Entitlement Date") or who have provided our Share Registrar with a registered address in Malaysia in writing prior to the Entitlement Date. The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue is not intended to be (and will not be) made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than, nor under or in accordance with any laws other than that of, nor lodged, registered or approved by any regulatory authority or relevant body other than those in Malaysia. No action has been or will be taken to ensure that the Rights Issue and the Documents comply with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be the sole responsibilities of our Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who are or may be subject to the laws of country or jurisdiction other than Malaysia to consult their legal and/or other professional advisers and to satisfy themselves as to whether the acceptance or renunciation (as the case may be) of all or part of their entitlements to the Rights Issue would result in the contravention of the laws of such country or jurisdiction. Such shareholders should also refer to Section 9.6 of this Abridged Prospectus for further information. Neither Ibraco nor KIBB, being the Principal Adviser shall accept any responsibility or liability in the event that any acceptance or renunciation of the Rights Shares made by our Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

KIBB, being the Principal Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 5 HEREIN.**



**IBRACO BERHAD**

(Company No. 011286-P)

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF 50,653,638 NEW ORDINARY SHARES OF RM1.00 EACH IN IBRACO ("SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD IN IBRACO AS AT 5.00 P.M. ON 24 JULY 2015 ("RIGHTS ISSUE")**

Principal Adviser and Underwriter

**Kenanga**

**Kenanga Investment Bank Berhad**

Company No. 15678-H

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIME:**

Entitlement Date : Friday, 24 July 2015 at 5.00 p.m.

Last date and time for:

(a) sale of provisional allotment of the Rights Shares : Friday, 31 July 2015 at 5.00 p.m.

(b) transfer of provisional allotment of the Rights Shares : Wednesday, 5 August 2015 at 4.00 p.m.

(c) acceptance and payment : Monday, 10 August 2015 at 5.00 p.m. \*

(d) excess application and payment : Monday, 10 August 2015 at 5.00 p.m. \*

\* or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 24 July 2015

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS/INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS/INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT 2007.

SECURITIES LISTED ON BURSA MALAYSIA SECURITIES BERHAD ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS & SERVICES ACT 2007, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DELIVERY OF THIS ABRIDGED PROSPECTUS SHALL NOT, UNDER ANY CIRCUMSTANCES, CONSTITUTE A REPRESENTATION OR CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF OUR GROUP SINCE THE DATE HEREOF. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS ABRIDGED PROSPECTUS. THIS ABRIDGED PROSPECTUS HAS BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA.

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**DEFINITIONS**


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In this Abridged Prospectus, the following terms have the following meanings:

<b>Abridged Prospectus</b>	:	This Abridged Prospectus dated 24 July 2015.
<b>Act</b>	:	Companies Act, 1965.
<b>BNM</b>	:	Bank Negara Malaysia.
<b>Board</b>	:	Board of Directors of Ibraco.
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (165570-W).
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (635998-W).
<b>CDS</b>	:	Central Depository System.
<b>CDS Account</b>	:	Account established by Bursa Depository for a depositor to record transactions of securities and dealings in securities by the depositor.
<b>Closing Date</b>	:	10 August 2015 at 5.00 p.m., being the last date and time for acceptance of and payment for the Rights Shares (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time).
<b>CMSA</b>	:	Capital Markets and Services Act 2007.
<b>Documents</b>	:	This Abridged Prospectus together with the NPA and RSF.
<b>EBITDA</b>	:	Earnings before interest, taxation, depreciation and amortisation.
<b>EGM</b>	:	Extraordinary General Meeting.
<b>Entitled Shareholder(s)</b>	:	Our shareholders whose names appear in our Record of Depositors on the Entitlement Date.
<b>Entitlement Date</b>	:	24 July 2015 at 5.00 p.m., being the date and time on which our Entitled Shareholders must be registered in our Record of Depositors in order to be entitled to participate in the Rights Issue.
<b>Entitlement Undertaking(s)</b>	:	The irrevocable written undertakings by the Undertaking Shareholders to subscribe in full for their respective entitlements under the Rights Issue.
<b>EPS</b>	:	Earnings per Share.
<b>ESOS</b>	:	Ibraco's Employee Share Option Scheme (2011/2016) for eligible directors and employees, which was implemented on 30 June 2011. As at the LPD, there are no outstanding ESOS options as all ESOS options granted have been fully exercised.
<b>Excess Application(s)</b>	:	Has the meaning given to it in <b>Section 2.1(e)</b> .
<b>Excess Rights Share(s)</b>	:	Rights Shares which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounee(s) and/or transferee(s) prior to the Excess Application.

## DEFINITIONS (CONT'D)

<b>Foreign Shareholder(s)</b>	:	Entitled Shareholders who do not have a registered address in Malaysia or an address for service in Malaysia in our Record of Depositors.
<b>FPE</b>	:	Financial period ended/ending.
<b>FYE</b>	:	Financial year ended/ending.
<b>Ibraco or Company</b>	:	Ibraco Berhad (011286-P).
<b>Ibraco Group or Group</b>	:	Ibraco and its subsidiaries.
<b>Issue Price</b>	:	RM1.00 per Rights Share.
<b>JPPH</b>	:	Jabatan Penilaian dan Perkhidmatan Harta (i.e. Valuation and Property Services Department), under the Ministry of Finance Malaysia
<b>KIBB</b>	:	Kenanga Investment Bank Berhad (15678-H).
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities.
<b>LPD</b>	:	10 July 2015, being the latest practicable date prior to the issuance of this Abridged Prospectus. All information provided in this Abridged Prospectus shall be as at the LPD unless stated otherwise.
<b>Main Market</b>	:	Main Market of Bursa Securities.
<b>Market Day(s)</b>	:	A day on which Bursa Securities is open for trading in securities.
<b>m<sup>2</sup></b>	:	Square metres
<b>NA</b>	:	Net assets.
<b>NAPIC</b>	:	National Property Information Centre under the JPPH
<b>NPA</b>	:	Notice of provisional allotment of Rights Shares.
<b>PAT</b>	:	Profit after tax.
<b>PBT</b>	:	Profit before tax.
<b>Provisional Rights Share(s)</b>	:	Rights Shares provisionally allotted to our Entitled Shareholders.
<b>Record of Depositors</b>	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository.
<b>Rights Share(s)</b>	:	New Share(s) to be issued pursuant to the Rights Issue.
<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively.
<b>RSF</b>	:	Rights Subscription Form in relation to the Rights Issue.
<b>Rules of Bursa Depository</b>	:	Shall have the meaning given in <b>Section 2</b> of the SICDA.
<b>SC</b>	:	Securities Commission Malaysia.
<b>Share Registrar</b>	:	Securities Services (Holdings) Sdn Bhd (36869-T).

**DEFINITIONS (CONT'D)**

<b>Share(s)</b>	:	Ordinary share(s) of RM1.00 each in Ibraco.
<b>SICDA</b>	:	The Securities Industry (Central Depositories) Act 1991.
<b>Subsidiary</b>	:	A subsidiary as defined in the Act.
<b>TERP</b>	:	Theoretical ex-rights price.
<b>Rights Issue</b>	:	Renounceable Rights Issue of Shares at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares for every five (5) existing Shares held in Ibraco on the Entitlement Date.
<b>Undertaking Shareholders</b>	:	HGS, Mr Ng, Ms Chia and Mr Chew.
<b>Underwriter</b>	:	KIBB
<b>Underwriting Agreement</b>	:	Underwriting Agreement dated 8 July 2015 entered into between us and the Underwriter.
<b>VWAMP</b>	:	Volume-weighted average market price.

**Undertaking Shareholders**

<b>HGS</b>	:	Hiap Ghee Seng Sdn Bhd (Company No. 371300-U), a substantial shareholder of Ibraco.
<b>Mr Ng</b>	:	Ng Cheng Chuan, Non-Independent Non-Executive Chairman and a substantial shareholder of Ibraco. He is the husband of Ms Chia.
<b>Ms Chia</b>	:	Chia Kwai Lin, a substantial shareholder of Ibraco. She is the wife of Mr Ng.
<b>Mr Chew</b>	:	Chew Chiaw Han, Managing Director and a substantial shareholder of Ibraco. He is also a director and a substantial shareholder of HGS.

“We”, “us”, “our” and “ourselves” refers to Ibraco, and where relevant, includes other companies in the Group. “You” refers to our Entitled Shareholders.

Unless specifically stated otherwise, all references to Sections and Appendices shall refer to sections and appendices of this Abridged Prospectus.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any rules, guidelines, act, enactment or listing requirements referred to in this Abridged Prospectus is a reference to those rules, guidelines, act, enactments or listing requirements for the time being in force and as amended or re-enacted from time to time and includes any subsidiary legislation made thereunder.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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**CORPORATE DIRECTORY****THE BOARD**

<b>Name/Designation</b>	<b>Address</b>	<b>Nationality</b>	<b>Profession</b>
Ng Cheng Chuan <i>(Non-Independent Non-Executive Chairman)</i>	6B, Cable Road Singapore 249902	Singaporean	Company Director
Datuk (Dr.) Philip Ting Ding Ing <i>(Independent Non-Executive Deputy Chairman)</i>	Lot 4740, Fairway Villa Jalan Siol Kanan Petra Jaya, 93050 Kuching Sarawak, Malaysia	Malaysian	Chartered Accountant
Chew Chiaw Han <i>(Managing Director)</i>	2, Jalan Tan Sri Ong Kee Hui, 93300 Kuching Sarawak, Malaysia	Malaysian	Company Director
Liu Tow Hua <i>(Executive Director)</i>	1331, Tabuan Jaya Baru Phase 1 Jalan Stutong 93350 Kuching Sarawak, Malaysia	Malaysian	Chartered Accountant
Sharifah Deborah Sophia Ibrahim <i>(Non-Independent Non-Executive Director)</i>	Lot 50A, Tabuan Jaya Tengah Off Jalan Urat Mata 93350 Kuching Sarawak, Malaysia	Malaysian	Company Director
Ng Kee Tiong <i>(Independent Non-Executive Director)</i>	65, Jalan SS5B/1 Kelana Jaya 47301 Petaling Jaya Selangor, Malaysia	Malaysian	Chartered Accountant
Guido Paul Philip Joseph Ravelli <i>(Independent Non-Executive Director)</i>	C-3-1, Sri Kenny Condominium 28, Jalan Tun Ismail 50480 Kuala Lumpur Malaysia	British	Civil Engineer

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ng Kee Tiong	Chairman	Independent Non-Executive Director
Ng Cheng Chuan	Member	Non-Independent Non-Executive Chairman
Guido Paul Philip Joseph Ravelli	Member	Independent Non-Executive Director

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**CORPORATE DIRECTORY (CONT'D)**

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- COMPANY SECRETARIES** : Yeo Puay Huang (LS 0000577)  
Block B-58, Level 2, Taman Sri Sarawak Mall  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Sarawak, Malaysia
- May Wong Mei Ling (MIA 18483)  
79, Literature Villa  
Taman Top Green Fasa II, Jalan Kapor  
93150 Kuching  
Sarawak, Malaysia
- REGISTERED OFFICE/  
HEAD OFFICE** : Ibraco House  
No. 898, Jalan Wan Alwi  
Tabuan Jaya  
93350 Kuching  
Sarawak, Malaysia  
Tel: 082-361 111  
Fax: 082-361 188
- PRINCIPAL ADVISER AND  
UNDERWRITER** : Kenanga Investment Bank Berhad  
8<sup>th</sup> Floor, Kenanga International  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Wilayah Persekutuan, Malaysia  
Tel: 03-2164 9080  
Fax: 03-2161 4990
- AUDITORS AND REPORTING  
ACCOUNTANTS** : Ernst & Young (AF:0039)  
Room 300-303  
3<sup>rd</sup> Floor, Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Sarawak, Malaysia  
Tel: 082-243 233  
Fax: 082-421 287
- DUE DILIGENCE SOLICITORS** : Reddi & Co  
Advocates  
REDDI Building  
No. 393, Jalan Datuk Abang Abdul Rahim  
93450 Kuching  
Sarawak, Malaysia  
Tel: 082-484 466  
Fax: 082-484 477
- PRINCIPAL BANKERS** : AmBank (M) Berhad  
*(in alphabetical order)*  
No.162, 164, 166 & 168, 1<sup>st</sup> Floor, Jalan Abell  
93100 Kuching  
Sarawak, Malaysia  
Tel: 082-244 791  
Fax: 082-259 771 / 082-422 818
- Industrial and Commercial Bank of China (Malaysia) Berhad  
Lot 619-623, Jalan Padungan  
93100 Kuching  
Sarawak, Malaysia  
Tel: 082-272 888  
Fax: 082-272 999

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**CORPORATE DIRECTORY (CONT'D)**

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**PRINCIPAL BANKERS (cont'd)** : RHB Bank Berhad  
*(in alphabetical order)* 2<sup>nd</sup> Floor, Lot 363, Jalan Kulas  
93400 Kuching  
Sarawak, Malaysia  
Tel: 082-274 800  
Fax: 082-274 846

United Overseas Bank (Malaysia) Bhd  
1-3, Main Bazaar  
93000 Kuching  
Sarawak, Malaysia  
Tel: 082-421 291  
Fax: 082-428 546

**SHARE REGISTRAR** : Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan, Malaysia  
Tel: 03-2084 9000  
Fax: 03-2094 9940 / 2095 0292

**STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

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**IBRACO BERHAD**  
(Company No. 011286-P)  
(Incorporated in Malaysia)

**Registered Office**

Ibraco House  
No. 898, Jalan Wan Alwi  
Tabuan Jaya  
93350 Kuching  
Sarawak, Malaysia

24 July 2015

**Board of Directors:**

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

**To: The Entitled Shareholders of Ibraco**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF 50,653,638 NEW ORDINARY SHARES OF RM1.00 EACH IN IBRACO ("SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD IN IBRACO AS AT 5.00 P.M. ON 24 JULY 2015 ("RIGHTS ISSUE")**

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**1. INTRODUCTION**

On 22 May 2015, KIBB had on behalf of the Board announced that we proposed to undertake the Rights Issue.

On 11 June 2015, KIBB announced that Bursa Securities had vide its letter dated 10 June 2015, approved the listing of and quotation for the Rights Shares on the Main Market, subject to the following conditions:

Conditions imposed	Status of compliance
(a) Ibraco and KIBB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied
(b) Ibraco and KIBB to inform Bursa Securities upon the completion of the Rights Issue;	To be complied
(c) Ibraco to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed;	To be complied
(d) Ibraco to furnish Bursa Securities with a certified true copy of the resolution passed by our shareholders at the EGM for the Rights Issue.	Complied. Furnished to Bursa Securities on 16 July 2015.
(e) To incorporate Bursa Securities' comments in respect of the draft circular to shareholders	Complied. Incorporated Bursa Securities' comments.
(f) In the event the Rights Shares will be listed and quoted as the existing securities of the same class, quotation of the Rights Shares will commence on the next Market Day after the following:	
(i) submission of the share certificate together with a covering letter containing the summary of the Rights Shares to Bursa Depository before 10 a.m. on the Market Day prior to the listing date;	To be complied
(ii) receipt of confirmation from Bursa Depository that the additional Rights Shares are ready for crediting into the respective account holders; and	To be complied
(iii) an announcement in accordance to Paragraph 13.2 of Practice Note 28 ("PN28") is submitted via Bursa Link before 3 p.m. on the Market Day prior to the listing date.	To be complied
(g) In the event the Rights Shares will be separately quoted from the existing securities i.e. "A" shares, the listing and quotation of the Rights Shares will take place two (2) Market Days upon the receipt of an application for quotation by Bursa Securities as specified under Part C of Annexure PN28-B.	To be complied (if applicable)
(h) Ibraco is required to ensure full compliance of all the requirements pertaining to the Rights Issue as provided under the Listing Requirements at all times.	To be complied

On 9 July 2015, KIBB, had on behalf of the Board, announced, in accordance with paragraph 6.21 (2) of the Listing Requirements, that the Entitlement Date has been fixed at 5.00 p.m. on 24 July 2015.

Our shareholders had, at an EGM held on 16 July 2015, approved the Rights Issue. A certified true extract of the resolution pertaining to the Rights Issue which was passed at the said EGM is set out in **Appendix I**.

The listing of and quotation for the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that the CDS Accounts of our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) have been duly credited and the notices of allotment have been sent to them.

We have not authorised any person to give any information or make any representation not contained in this Abridged Prospectus in connection with the Rights Issue. Such information or representation, if given or made, must not be relied upon as having been authorised by us or KIBB.

**YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE SET OUT IN SECTION 5. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

## 2. DETAILS OF RIGHTS ISSUE

### 2.1 Salient terms

- |   |  |
|---|--|
| <b>(a) Number of Rights Shares for allotment and issuance</b> | 50,653,638 for subscription by our Entitled Shareholders.<br><br>The allotment and issuance of such number of Rights Shares was based on our existing issued and paid-up share capital of RM126,634,095 comprising 126,634,095 Shares.   |
| <b>(b) Basis of allocation</b>                                | Two (2) Rights Shares for every five (5) existing Shares held on the Entitlement Date by our Entitled Shareholders.  |
| <b>(c) Issue Price</b>  | RM1.00 for each Rights Share.  |
| <b>(d) Renounceability</b>                                    | Renounceable in full or in part. Accordingly, our Entitled Shareholders may subscribe for their respective entitlements of the Rights Shares in full or in part.   |
| <b>(e) Excess Application</b>                                 | Any unsubscribed Rights Shares will be made available to our other Entitled Shareholders (including our Undertaking Shareholders) and/or their renouncee(s) and/or transferee(s).<br><br>It is the intention of the Board to allocate the Excess Rights Shares, if any, on a fair and equitable manner, as set out in <b>Section 9.4</b> . |
| <b>(f) Fractional Entitlements</b>                            | Any fractional entitlement arising from the Rights Issue shall be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deems fit and in the best interest of Ibraco.   |

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Provisional Rights Shares, as well as to apply for the Excess Rights Shares, if you decide to do so.

Dealings in Ibraco securities are subject to SICDA and the Rules of Bursa Depository. As the Rights Shares are prescribed securities, they will be credited directly to the CDS Accounts of successful applicants. No physical share certificates will be issued.

Within eight (8) Market Days from the Closing Date, we shall:

- (a) allot and issue the Rights Shares;
- (b) send notices of allotment to you and/or your renounee(s) and/or transferee(s); and
- (c) apply for the listing of and quotation for the Rights Shares.

The Rights Shares will be listed and quoted on the Main Market two (2) Market Days after an application for quotation has been submitted to Bursa Securities.

## 2.2 Basis for the Issue Price

The Issue Price is at a discount of approximately 42.53% to the TERP of RM1.74, based on the 5-day VWAMP of our Shares immediately preceding the price fixing date up to and including 21 May 2015 of RM2.0421.

For a more recent illustration and based on the closing price of our Shares as at the LPD of RM2.20, the Issue Price is at a discount of approximately 45.95% to the TERP of RM1.85.

The Board has taken into consideration the following in determining the Issue Price and the appropriate discount rate:

- (a) The par value of our Shares of RM1.00 each;
- (b) The prevailing market price of our Shares and the TERP of our Shares;
- (c) The gross proceeds to be raised for our operational funding requirements;
- (d) Our audited NA per Share as at 31 December 2014 of RM1.87 per Share; and
- (e) The discount given in recent rights issues by other listed issuers on Bursa Securities and the prevailing market conditions.

The Board is of the opinion the justifications based on the above and the discount given is adequate to entice our Entitled Shareholders to subscribe for the Rights Shares.

## 2.3 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid to the shareholders, the entitlement of which is prior to the date of allotment and issuance of the Rights Shares.

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## 2.4 Entitlement Undertakings and Underwriting Agreement

The Rights Issue will be undertaken on a full subscription basis.

### (a) Entitlement Undertakings

We have obtained an Entitlement Undertaking from each of the Undertaking Shareholders to subscribe in full for their respective entitlements of the Rights Shares.

The number of Rights Shares to be subscribed by the Undertaking Shareholders pursuant to the Entitlement Undertakings are set out below:

Undertaking Shareholders	Shareholdings as at the LPD		Entitlements to Rights Shares	
	No. of Shares	%	No. of Rights Shares	%
HGS	32,905,321	26.0	13,162,128	26.0
Mr Ng	21,936,666	17.3	8,774,666	17.3
Ms Chia	9,000,000	7.1	3,600,000	7.1
Mr Chew	4,000,000	3.2	1,600,000	3.2
<b>Total</b>	<b>67,841,987</b>	<b>53.6</b>	<b>27,136,794</b>	<b>53.6</b>

The Undertaking Shareholders have confirmed that they have sufficient financial resources to fulfil their obligations under the Entitlement Undertakings. The said confirmations were verified by KIBB, being our Principal Adviser for the Rights Issue.

Pursuant to the Entitlement Undertakings, the Undertaking Shareholders have also undertaken to subscribe in full for any additional entitlements pursuant to the Rights Issue if their shareholdings in our Company as at the Entitlement Date is more than their current shareholdings as set out in the table above, and they have also undertaken to observe and comply at all times with the provision of the Malaysia Code on Take-Overs and Mergers, 2010.

### (b) Underwriting Agreement

We have signed an underwriting agreement with the Underwriter on 8 July 2015 to underwrite the remaining 23,516,844 Rights Shares (approximately 46.4% of the total Rights Shares) for which no other shareholders has provided unconditional and irrevocable written undertaking to subscribe for their entitlements ("**Underwritten Shares**").

The underwriting commission payable to the Underwriter is 1.25% of the value of the Underwritten Shares based on the Issue Price and all other costs in relation to the Underwriting Agreement will be fully borne by us.

## 2.5 Details of other corporate exercise/scheme

Save for the Rights Issue (which is the subject matter of this Abridged Prospectus), the Board confirms that there are no other corporate exercise/scheme that has been approved by the regulatory authorities.

### 3. RATIONALE FOR THE RIGHTS ISSUE

The Board, having given due consideration of various methods of fund raising options available, is of the opinion that the Rights Issue is the most appropriate avenue as it enables us:

- (a) to raise the required funds in a cost effective manner for better overall cashflow management;
- (b) to provide an opportunity for our existing shareholders to further participate in our equity without any dilution to their equity interest and ultimately, participate in the prospects and our future growth at an attractive pricing at RM1.00 per Rights Share;
- (c) to strengthen our capital base via fund raising using equity capital;
- (d) to raise funds without incurring interest costs, as compared to borrowings and minimise any potential cash outlay in terms of interest servicing; and
- (e) to reduce our borrowings and interest expenses.

The Rights Issue is expected to improve our liquidity and financial flexibility as well as optimises our capital structure by strengthening our financial position and reducing our gearing level. As set out in Section 4, we intend to utilise the proceeds from the Rights Issue for project financing and repayment of borrowings, which are expected to contribute positively to the earnings potential of our Group in the future and defray estimated expenses for the Rights Issue.

### 4. UTILISATION OF PROCEEDS

The Rights Issue will raise RM50.65 million and will be utilised in the following manner:

Proposed utilisation	Gross Proceeds		Expected timeframe for utilisation of proceeds from the date of listing of the Rights Shares
	RM'000	%	
Repayment of our bank borrowings <sup>(a)</sup>	30,000	59.2	Within 12 months
Project financing <sup>(b)</sup>	19,554	38.6	Within 24 months
Estimated expenses in relation to the Rights Issue <sup>(c)</sup>	1,100	2.2	Within 3 months
<b>Total</b>	<b>50,654</b>	<b>100.0</b>	

Notes:

- (a) Our Group's total bank borrowings as at the LPD amounted to RM162.24 million. We have allocated RM30.00 million of the proceeds for repayment of our revolving credit facilities:

Bank	Balance as at LPD (RM'000)	Quantum to be repaid (RM'000)	Purpose of revolving credit
RHB Bank Berhad	16,000	9,700	Project financing for Tabuan Tranquility and Stutong Height projects in Kuching
Hong Leong Bank Berhad	6,800	6,800	Project financing for Town Square project in Bintulu
Malayan Banking Berhad	9,500	9,500	Project financing for Tabuan Tranquility condominium project in Kuching
AmBank (M) Berhad	4,000	4,000	Project financing for Sewerage Treatment Plant project in Bintulu
<b>Total</b>	<b>36,300</b>	<b>30,000</b>	



For illustrative purposes, based on our effective interest rate of approximately 5.66% per annum, the partial repayment of our bank borrowings is expected to result in estimated interest cost savings of approximately RM1.70 million per annum.

- (b) On 26 March 2015, we signed a Sale and Purchase Agreement with Bandar Park Sdn Bhd for the acquisition of approximately 5,825 m<sup>2</sup> of freehold vacant land held under HSD 118736, PT 8 Seksyen 65 Bandar Kuala Lumpur for a cash consideration of RM55.00 million. This land acquisition has been completed as at the LPD and was financed by bank borrowings (75%) and internally generated funds (25%).

The land is designated for commercial development comprising serviced apartments, office and retails units. It is fronting onto Jalan Tun Razak and Jalan Yew, Kuala Lumpur and is located approximately 3 kilometres to the south-east of the Kuala Lumpur City Centre (KLCC) and the Kuala Lumpur Centre Business District. The Pudu market and Wisma Indah is sited opposite the land which is separated by Jalan Yew and Jalan Tun Razak respectively. The Pudu Light Rail Transit (LRT) Station is sited 500 metres due west of the land.

The said land has been approved for mixed commercial developments comprising a block of 7-level office suites, 4-level car park, 4-level office/retail units and a sub-basement car park cum commercial space.

We, after taking into consideration the cost of acquisition of the land of RM55.00 million and demand for affordable residences (indicative selling price of below RM500,000), intend to vary the current approved developments to a 44-storey commercial/retail cum serviced apartments block, comprising approximately 500 units of serviced apartments and over 4,000 m<sup>2</sup> of office and retail units ("**Revised Developments**"). This is to maximise the development density in order to be commercially viable. We are in the midst of finalising the design and layout of the Revised Developments plan and have yet to finalise the development costs to be incurred and gross development value to be generated from the development of the said land at this juncture. We have earmarked RM19.55 million from the proceeds to part finance the development costs for the Revised Developments, and the balance of the development costs will be financed by internally generated funds and progressive claims from purchasers of the Revised Developments, as well as project financings from financial institutions (the quantum of the borrowings will depend on our cashflow position then).

Commencement of the Revised Developments is only pending the approval of the Dewan Bandaraya Kuala Lumpur ("**DBKL**") and we are in the midst of finalising the Revised Developments plan for submission to the DBKL for its approval by the end of the 3<sup>rd</sup> quarter of 2015. Barring unforeseeable circumstances and subject to timely approval of the Revised Developments plan by DBKL, we intend to commence development of the Revised Developments in the 1<sup>st</sup> quarter of 2016 for a period of 5 years.

- (c) The breakdown of the estimated expenses are follows:

<b>Estimated expenses</b>	<b>RM'000</b>
Professional fees and fees payable to the relevant authorities	665
Printing, dispatch and advertising expenses	100
Underwriting commission payable	312
Other miscellaneous expenses	23
<b>Total</b>	<b>1,100</b>

Any variation to the amount of repayment of borrowings and estimated expenses will result in an adjustment from/to the portion earmarked for project financing.

Pending utilisation of the proceeds from the Rights Issue, we will place the proceeds in deposit accounts with financial institutions or short-term money market instrument(s). The interest derived from deposits with financial institutions or any gains arising from the short-term money market instruments will be used as our additional working capital.

## 5. RISK FACTORS

You and/or your renounee(s) and/or transferee(s) should carefully consider, in addition to all other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, before subscribing for or investing in the Rights Issue.

### 5.1 Risks relating to our Group

#### (a) Performance of the property development industry

The success of our on-going projects and identified future projects is largely dependent on the continued growth of Malaysia's economy and the property development industry in the country. Any negative developments affecting the property development industry such as the decline in property demand and the property rental market may have an adverse impact on our financial performance.

Factors such as economic and political uncertainties and changes in demographic trends, employment and income level would influence the performance of the property development industry in general. Political and economic uncertainties include but are not limited to risk of war, terrorism, riots, a switch in political leadership and/or changes in the Government policies. Additionally, the property development industry is also affected by regulatory environment such as regulations of interest rates, property tax assessment, licensing regulations and other statutory charges. Any changes in government policy, regulatory changes or any political instability in Malaysia may lead to price instability and an imbalance of supply and demand for properties in Malaysia.

The Malaysian Government has implemented measures to control and restrict speculative activities in the property development industry through real property gain tax, removal of Developer Interest Bearing Scheme (DIBS) and a maximum loan-to-value ratio of 70% with regards to third home purchases.

Based on the study by NAPIC (further details of which are set out in Section 6.2):

- (a) the cooling measures which resulted in the moderation of market activity in last two years (2012 and 2013) have seen market corrections, which ensued the slight pick-up in market activity in 2014. Measures such as the imposition of higher Real Property Gains Tax to curb speculative activities and spiralling property prices have also shown positive signs, evident from the moderating increase in the Malaysian House Price Index over the last three years (2012 to 2014);
- (b) similarly, the commercial property sub-sector performed moderately in 2014 on account of less favourable business and consumers' sentiment. The country registered 35,528 transactions in 2014, up marginally by 3.6% compared to the same period in 2013. Value of transactions was down by 10.5% to record RM31.84 billion;
- (c) the office market sub-sector showed an increase in occupied office space from 15.714 million m<sup>2</sup> in 2013 to 16.595 million m<sup>2</sup> in 2014, representing an increase (i.e. take-up) of 881,116 m<sup>2</sup> (2013: 436,840 m<sup>2</sup>), of which the highest take-up was recorded in Kuala Lumpur at 660,445 m<sup>2</sup> (75.0% of the national take-up) and followed by Selangor at 77,048 m<sup>2</sup>. All states, except Sabah and Kedah, also recorded increase in take-up in 2014. As a result, overall occupancy rate improved from 82.7% in 2013 to 84.9% in 2014. In term of occupancy rate, 11 states and 3 federal territories reported more than 80.0% occupancy rate. Occupancy rate in Kuala Lumpur (83.2%), Selangor (76.8%), Johor (76.8%) and Pulau Pinang (81.9%) witnessed better performance against 2013 (Kuala Lumpur (79.0%), Selangor (75.4%), Johor (75.8%) and Pulau Pinang 80.6%).

(Source: *Malaysian Property Market 2014* by NAPIC dated 14 April 2015)

Our continued success will largely depend on, amongst others, our sales and marketing strategies, product design and innovation, and our ability to price our project competitively to meet the needs and requirements of our target buyers. Hence, we continuously monitor, refine and adjust the development plans prior to launching and also our marketing strategies in response to changes in the economic environment, consumers' preference and market demand.

Nevertheless, any further introduction of cooling measures by the Government to control price levels of the property development industry may adversely impact our property development business.

**(b) Competition Risk**

Although competition from new entrants is limited as a result of barriers of entry into the property development industry due to substantial upfront costs required to secure strategically located land banks before commencements of any new development, we face competition from existing players in the property development industry, mainly from other property development companies listed on Bursa Securities as well as smaller niche property developers (such as those that focus on specific type of properties or pockets of developments in various locations).

Competition arises in terms of the availability of reasonably priced and strategically located land banks, the supply of labour and building materials and the selling prices of properties.

While we seek to maintain our competitiveness by taking pro-active steps to constantly reviewing our development and marketing strategies in response to changes in market conditions and fine tune our approaches (such as revising our development concepts and product positioning and offering/mix) to meet the needs of the target market, there is no assurance that we can continue to compete successfully against our competitors in light of the constantly changing and competitive business environment. If we failed to remain competitive, our future business operations and financial performance may be adversely effected.

**(c) Delay in completion of property development projects**

Property development operations typically require substantial development costs during the construction phase and take many months before cash proceeds are generated, particularly when our projects are not fully pre-sold. The time taken and the cost involved in completing construction may increase substantially due to many factors, including shortages of construction materials, equipment or labour, adverse weather conditions, disputes with subcontractors, difficulties in obtaining necessary governmental or regulatory approvals, changes in government policies and other unforeseen circumstances. Any delay in the completion of development projects may result in deferred recognition of revenue and profits as well as increased costs.

Our Directors and management monitor our project schedules closely to minimise any delay in completion of projects.

**(d) Scarcity of commercially viable land banks for development**

Each development project relies highly on the locality and size of its land bank in order to be successful and profitable. The diminishing quantity of commercially viable land banks poses a risk to future property development activities. However, our Group owns sizeable lands in Kuching (575 acres), Bintulu (16 acres), Sarikei (7 acres) and Kuala Lumpur (1.4 acres) that is able to sustain our Group's future growth and earnings for the next ten (10) years. Nonetheless, our Group continues to actively source for land banks in strategic locations in Malaysia.

**(e) Expansion into new market**

As mentioned in Section 6.3, we are diversifying our operations beyond our traditional market in Sarawak by expanding into Peninsular Malaysia starting with a high-rise development project in the Kuala Lumpur City Centre and as, set out in Section 4, part of the proceeds from the Rights Issue will be used to part finance this development project.

As a new entrant to the property market in Kuala Lumpur, we will face disadvantages as we lack the brand name and market recognition as compared to the existing property developers in Peninsular Malaysia which have established market presences and may also have better marketing, financial, managerial and other resources than us. We will also be competing with these players to secure quality sub-contractors and building materials as well as funding for the development project. In addition, we may have to price our properties competitively which may affect our profit margin. Furthermore, we also need to comply with various new requirements pursuant to the applicable laws and regulations, including policies and procedures established by the local authorities in Kuala Lumpur.

While the above mentioned risks are similar to the same business, operational and financial risks that we are currently exposed to and mitigating as one of the established property developers in Sarawak, there is no assurance that we will be able to be competitive and successfully implement the development project to reap the expected returns.

**(f) Fluctuation in operating costs**

Changes in operating costs remain an inherent risk to the property development industry. Any escalation of our cost components such as prices of building materials and cost of labour charges would affect our operations and profitability. If cost of raw materials rises after the sale of properties, we are unable to factor such increase in our selling prices.

While our contractors bear the risk of fluctuating in price of construction material, a persistent uptrend in costs will likely to affect our profit margins. We seek to limit this risk by continuing to closely monitor and manage the construction costs and at the same time making all reasonable efforts to maintain the quality of our products.

**(g) Financial risk**

Our operations are financed by internally-generated funds and bank borrowings. All our bank borrowings bear finance cost and as a result, any increase in interest rates will increase our interest payments and finance costs. Our financial performance may therefore be affected if interest rates increase significantly.

Under our credit facility agreements with banks and financiers, we are bound by certain positive and negative covenants which may restrict our Group's operating and financial flexibility. The aforesaid covenants comprise, among others, negative covenants such as changing the nature of our business and capping of gearing level which are typically contained in the credit facility agreements of such nature. Any act by our Group falling within the ambit or scope of such covenants will require the consent of the relevant banks/financiers. Breach of such covenants may give rise to a right by the banks/financiers to terminate the relevant credit facilities and/or enforce any security granted in relation to those credit facilities. Our Directors are aware of such covenants and shall take all precautions necessary to prevent any such breach.

We actively review our debt portfolio and assess the amount and nature of our borrowings. We continuously seek measures to reduce our gearing level, and partial repayment of our borrowings through the proceeds of the Rights Issue is an example of such measures.

**(h) Our Group is dependent on our Directors, senior management and key personnel**

Our ability to effectively implement our business plans and maintain continuous growth is dependent on the persistent and committed services of our Directors and members of the senior management team as well as key management personnel. If any of the aforementioned individuals ceases to work for us, we may not be able to recruit and retain personnel with equivalent or comparable credentials in a timely manner. This may negatively affect our day-to-day management and operations.

While we have made efforts to nurture and maintain a good relationship with our Directors and members of the senior management team as well as key management personnel, there can be no assurance that the loss of any of the aforementioned individuals can be avoided. As such, we aim to offer competitive salary package, training, conducive working environment to attract new personnel as well as to retain existing personnel and adopt succession planning for key positions.

**5.2 Risks relating to the Rights Issue**

**(a) Investment Risk**

The market price of our Shares, including the Rights Shares, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the operating results of our Group and the prospects of the industry in which our Group operates.

There can be no assurance that the market price of our Shares will remain at or trade above the Issue Price, or that the Rights Shares can be disposed of at or above the Issue Price.

**(b) Delay in or failure of the Rights Issue**

The Rights Issue may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) force majeure events or circumstances which are beyond our control, arising prior to the implementation of the Rights Issue. Such events and circumstances may include acts of government, natural disasters, terrorism, strikes, states of emergency and health epidemics, most if not all of which are beyond our control; and
- (ii) the Undertaking Shareholders fail to fulfil their obligations under the Entitlement Undertakings.

If the Rights Issue is not implemented, all application monies received will be immediately returned to you and/or your renouncee(s) and/or transferee(s) who have subscribed for the Rights Shares without interest, or with interest if the application monies are not refunded within fourteen (14) days after our Company becomes liable to repay, in accordance with Section 243(2) of the CMSA.

We will endeavour to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue.

**(c) Potential Dilution**

Entitled Shareholders who do not fully accept their Provisional Rights Shares will have their proportionate ownerships and voting interests in our Company reduced and the percentage of the enlarged issued and paid-up share capital represented by their shareholdings in our Company will also be reduced accordingly.

**5.3 Forward-looking statements**

Certain statements in this Abridged Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by the Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting our Group and the industry, changes in interest rates. In light of these uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by us or our advisers that the plans and objectives of our Group will be achieved.

Given the risks and uncertainties that may cause our Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Abridged Prospectus, we advise you not to place undue over-reliance on those statements. We are not warranting nor representing to you that our Group's actual future results, performance or achievements will approximate those as discussed in those statements.

**6. INDUSTRY REVIEW AND FUTURE PROSPECTS****6.1 Overview and prospects of the Malaysian economy**

The Malaysian economy registered a growth of 5.6% in the first quarter ("Q") of 2015 (4Q 2014: 5.7%), underpinned mainly by the private sector demand. On the supply side, growth was supported by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.2% (4Q 2014: 1.8%).

Private sector activity remained the key driver of growth during the quarter. Private consumption expanded at a stronger pace of 8.8% (4Q 2014: 7.6%), supported by stable labour market conditions and higher wage growth. The strong private consumption growth was also contributed by the flood relief efforts early in the year, and the frontloading of household spending prior to the implementation of the Goods and Services Tax ("GST").

Private investment recorded a growth of 11.7% (4Q 2014: 11.1%), underpinned by capital expenditure in the manufacturing and services sectors. Growth in public consumption improved in the first quarter at 4.1% (4Q 2014: 2.5%), due to higher growth in supplies and services amid moderate growth in emoluments. Public investment turned around to register a positive growth of 0.5% (4Q 2014: -1.9%) following higher capital spending by the Federal Government.

On the supply side, growth in the first quarter was supported by the major economic sectors. The services sector was underpinned by growth in all sub-sectors, particularly consumption-related sub-sectors. Growth in the manufacturing sector was supported by stronger performance in the export-oriented industries, particularly the electronics and electrical (E&E) cluster. The construction sector was supported mainly by the non-residential<sup>1</sup> and residential sub-sectors, while the mining sector continued to record stronger growth amid higher crude oil production. Meanwhile, the agriculture sector contracted as a result of lower palm oil production, arising from flood-related disruptions.

The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the GST, the steady rise in income and stable labour market conditions would support household spending. The recovery in global growth while remaining moderate, will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

*(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2015, Bank Negara Malaysia)*

## 6.2 Overview and Outlook of the Malaysian property market

The ensuing paragraphs are an overview and outlook of the Malaysian property market in 2014 as extracted from the Malaysian Property Market Report 2014 by NAPIC.

The following are the technical terms used in said report:

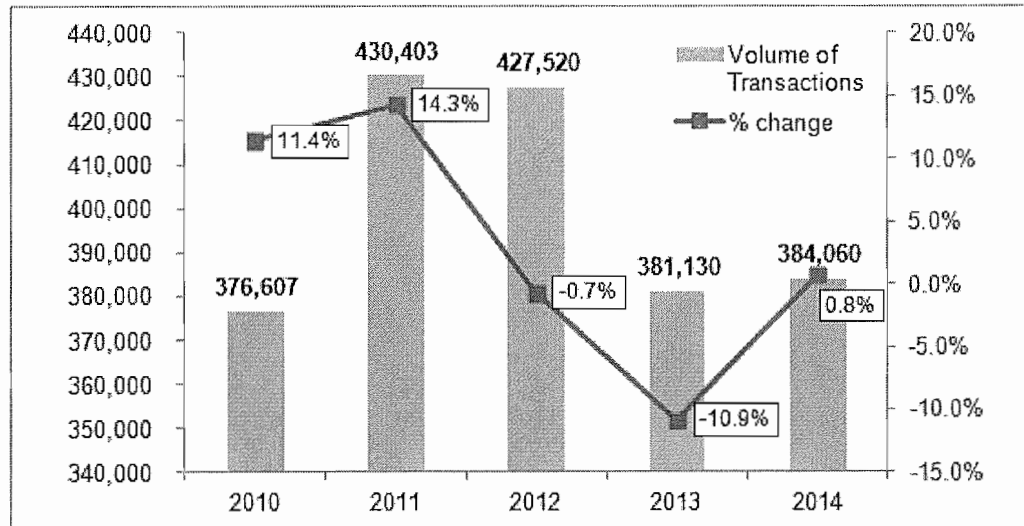
completion	:	Completions is the term used when the building construction works are completed and a Certificate of Fitness ("CF") / Temporary Certificate of Fitness ("TCF") is issued.
incoming supply	:	Incoming supply comprises units where physical construction works are in progress including starts, and CF/TCF have not been issued.
planned supply	:	New planned supply comprises units where building plan approval have been obtained but have not started physical construction works.
overhang	:	Means property completed and issued with CF/TCF but remained unsold for more than nine (9) months after it was launched for sale.
starts	:	Starts comprises buildings where (i) the foundation and footing works of low-rise buildings or works below ground level including piling and foundation or high-rise buildings have started; and (ii) it does not include site clearing, levelling and laying of infrastructure.
states	:	Inclusive of the thirteen (13) states and three (3) federal territories (namely Kuala Lumpur, Labuan and Putrajaya) of Malaysia.
Units unsold not constructed	:	Means not constructed property that remained unsold in the market for more than nine (9) months after launching for sale.

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<sup>1</sup> *Mainly the commercial and industrial sub-sectors*

Unit unsold under construction : Means property under construction that remained unsold in the market for more than nine (9) months after launching for sale.

The performance of the overall property market in 2014 made a marginal rebound (0.8% improvement by volume of transactions) from the contraction recorded in 2013 (-10.9%). A total of 384,060 transactions worth RM162.97 billion were recorded in 2014, indicating a marginal increase of 0.8% in volume and 7.0% in value.



The residential sub-sector led the overall property market, with 64.4% of the transactions. This was followed by agricultural sub-sector (18.8%), commercial (9.3%), development land (5.5%) and industrial (2.1%). In terms of value, residential took the lead with 50.4% share, followed by commercial (19.5%), development land (13.3%), industrial (8.9%) and agricultural (7.8%).

Volume of transactions across the sub-sectors showed insignificant movements. Residential, commercial and agricultural sub-sectors recorded growths of 0.4%, 3.6% and 2.0% respectively while industrial and development land sub-sectors each recorded a slight downturn of 3.8% and 1.9% respectively against 2013. Value of transactions for residential, industrial and development land sub-sectors recorded double-digit growth of 13.9%, 17.7% and 13.5% respectively whereas commercial and agricultural sub-sectors recorded downfall of 10.5% and 4.3% respectively.

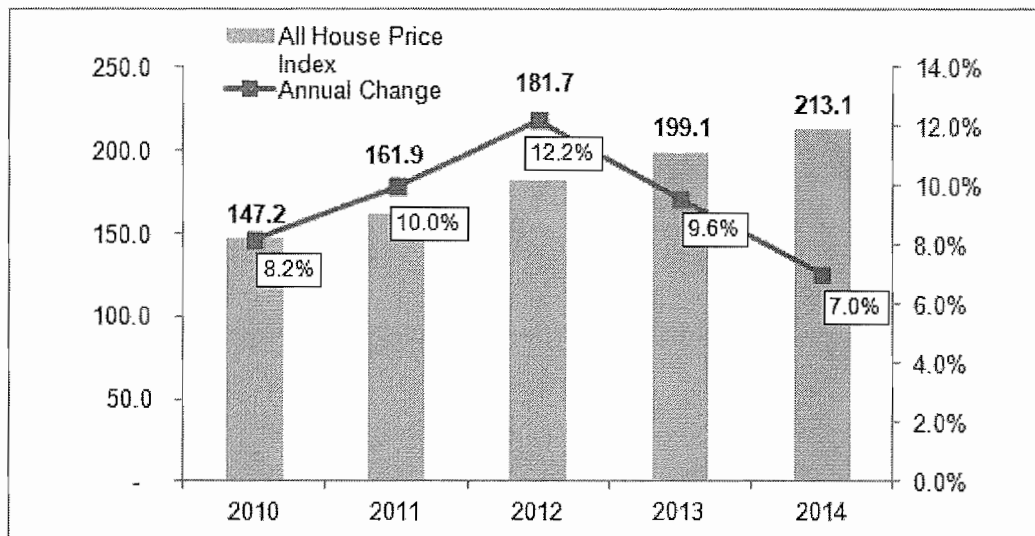
### 6.2.1 Residential Property

The prime sub-sector saw a sustained market with a slight turnaround in market activity, moderate performance for the new launches, improved overhang situation as well as positive trend in the construction sector. Prices and rentals remained firm though signs of price moderating were seen in the All House Price Index.

The Malaysian All House Price Index portrayed a moderating trend. As at Q4 2014, the Malaysian All House Price Index stood at 213.1 points (at base year 2000), an increase of 7.0% on annual basis (year-on-year) though lower compared to a higher growth of 9.6% in Q4 2013 and 12.2% in Q4 2012. The index softened slightly by 0.2% on quarterly basis.

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There were 247,251 transactions worth RM82.06 billion recorded in 2014, up by 0.4% in volume and 13.9% in value as compared to 2013. Residential continued to drive the national property market, accounting for 64.4% and 50.4% of the volume and value respectively. A mixed performance was seen across the states. Seven states recorded upward volume movements while nine states recorded otherwise. In terms of value, all states recorded upward movements with the exception of Labuan, Pahang and Kelantan.

By price range segmentation, residential priced RM200,000 and below as well as RM200,000 to RM500,000 recorded quite similar market share, each with 43.1% and 41.3% respectively. Over the three-year period, the declining volume trend of the former price bracket was matched by the increasing volume trend in the latter bracket. On similar note, the two top-notch price brackets, which are the RM500,000 to RM1.0 million and RM1.0 million and above have also increased, respectively by 23.2% (2013: 20.1%) and 16.2% (2013: 20.6%).

By type, terraced houses accounted for 41.4% (102,313 units) of the national total, followed by condominium/apartment with 12.6% share (31,072 units).

In the primary market, developers remained positive of the market as seen from the higher number of new launches recorded in 2014. There were 68,351 units of new launches, up from 62,376 units recorded in 2013. The rise was partly due to the high numbers of condominiums and service apartments, which formed nearly 44.9% of the new launches. Sales performance was moderate at 44.7%, amongst the better performance over the five-year period. Selangor, Kuala Lumpur and Johor were the three leading states with higher number of launches, accounting for 18.0%, 17.4% and 16.8% of the total respectively. Sales performance across the board was moderate; led by Kuala Lumpur, Negeri Sembilan, Kelantan and Sabah, securing more than 50.0%.

By property category, there was a fair balance between the landed (49.7%) and high-rise (49.6%) units launched. In terms of performance, landed units achieved higher overall take-up of 34.4% as compared to 11.1% obtained by its high-rise counterpart. By type, terraced houses formed the majority of the new launches, accounted for 37.7% of the total and secured 36.9% sales performance. Service apartment was the next highest with 27.8% share but its sales performance was low at 5.5%.

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The residential overhang improved in 2014 as the numbers receded to 11,816 units worth RM4.04 billion, down by 12.8% in volume and 15.9% in value. However, the unsold under construction increased by 6.0% to 55,156 units. Similarly, the unsold not constructed units recorded an 8.5% growth to 15,227 units. By state, Johor continued to record the highest number of national overhang units, accounting for 30.2% of the total. Nevertheless, the numbers reduced by a slight 0.2% though value shot up by 32.4% to RM952.43 million. The state also held the highest number of unsold under construction (30.5%) and not constructed (40.8%) in the country.

Terraced houses formed the bulk of the overhang units, accounted for 42.1% (4,974 units) of the total. Mostly were concentrated in Johor (2,183 units; 43.9%), in particular Johor Bahru (823 two-to-three storey terraced houses) and Kluang (466 single storey terraced houses), where these houses remained unsold for more than 24 months. Condominiums/apartments (1,530 units) and service apartments (919 units) formed a combined share of 20.7% of the country's total overhang. Kuala Lumpur held the bulk of condominiums/apartments overhang (746 units); more than half of which are in the RM500,000 and above price bracket. As for the unsold under construction and not constructed categories, condominiums/apartments and service apartments outnumbered the terraced units, accounting for 49.4% (27,230 units) and 63.6% (9,685 units) of each unsold category.

Construction activities showed uptrend. Completions increased by 18.7% to 96,879 units, starts up by 6.8% to 155,667 units while new planned supply increased by 22.3% to 186,174 units.

Most of the construction activities saw the interplay of major states namely Selangor, Johor, Pulau Pinang and Kuala Lumpur. Selangor led the completions with 18.1% share of the total. This was trailed by Johor and Pulau Pinang, each with 13.6% and 13.5% market share respectively. The trio also dominated starts, led by Johor (22.2%) and trailed by Selangor (20.6%) and Pulau Pinang (8.6%). Johor (27.6%) and Selangor (14.5%) again dominated new planned supply, followed by Kuala Lumpur (12.6%). As at end 2014, there were 4.83 million existing residential units with nearly 0.76 million in the incoming supply and 0.65 million in the planned supply.

## **6.2.2 Commercial Property**

The sub-sector performed moderately in 2014 on account of less favourable business and consumers' sentiment. The country registered 35,528 transactions in 2014, up marginally by 3.6% compared to the same period in 2013. Value of transactions was down by 10.5% to record RM31.84 billion. States with higher market contributions (by number of transactions) were Selangor, Johor and Kuala Lumpur, each with 23.7%, 16.3% and 13.4% market share respectively.

The three leading states namely Kuala Lumpur, Selangor and Johor recorded double-digit growths in volume at 13.4%, 18.7% and 13.6% respectively while Pulau Pinang saw a moderate increase of 7.0%. On the contrary, Perak saw a decline in volume, down by 16.7%. Movements in value were more conservative. Three of the five leading states recorded downfall in value: Selangor down by 1.0%, Johor lower by 42.8% and Pulau Pinang down by 3.5%. Kuala Lumpur and Perak recorded a better performance, each up by 14.3% and 5.3% respectively.

### **(a) Shop**

Shop transactions dominated 56.7% of the commercial property transactions and 47.1% of the total value. The market activity (as measured by volume of transactions) of the shop sub-sector eased marginally in 2014 with 20,133 transactions worth RM14.99 billion. This indicated a slight decline in activity by 0.3% against 2013. Value however saw an increase of 6.3%, indicating that prices of shops sustained.

Johor and Selangor remained the leading states with higher transactions, each accounting for 22.8% and 16.0% of the national total volume of transactions. Both states also led in terms of value; Selangor with 24.6% and Johor with 22.9% of the total. Market activity (as measured by volume of transactions) across the states generally moderated; Kuala Lumpur lower by 10.8%, Selangor down by 4.8%, Pulau Pinang 1.5% lower, Perak lower by 16.9% along with several other states. By type, two to two-and-a-half storey shops captured 53.9% of the shop's market share. This was followed by three to three-and-a-half storey shops with 28.5% market share.

On the whole, prices of shops recorded growth, particularly those in established and strategic locations served with efficient road networks and good accessibility. Areas adjacent to hypermarkets also recorded gains.

The shop overhang situation improved as the numbers slowly eased from 4,849 units (2012), 4,676 units (2013) to 4,324 units (2014) worth RM1.50 billion. The overhang volume was down by 7.5% against 2013 though value increased by 7.9%. Similarly, the unsold not constructed units were down by 30.0% to 1,257 units. As for the unsold under construction units, they increased to 7,987 units, up by 32.2%.

By state, Johor took the lead with the highest number of overhang units (1,764 units) and the unsold under construction units (2,323 units) in the country. By type, two to two-and-a-half storey shops formed the largest portion of overhang (35.1%), and the unsold under construction (37.2%) and the not constructed (40.4%).

Construction activity was generally on a low tone, particularly for completions and starts, in tandem with the moderation in market activity. Completions were down by 1.5% to 9,520 units whereas starts were up by a 1.7% to 17,429 units. Johor recorded the highest number of completions (1,726 units) while Selangor dominated starts (4,159 units). New planned supply shot up by 43.2% on account of higher numbers recorded in Selangor (6,570 units) and Johor (4,129 units). As at end 2014, there were 405,015 existing shops with another 78,763 units in the incoming supply and 68,649 units in the planned supply.

(b) *Purpose-Built Office*

Eighteen office buildings transactions were recorded in 2014 worth RM1.11 billion.

The office market sub-sector showed an increase in occupied office space from 15.714 million m<sup>2</sup> in 2013 to 16.595 million m<sup>2</sup> in 2014, representing an increase (i.e. take-up) of 881,116 m<sup>2</sup> (2013: 436,840 m<sup>2</sup>), of which the highest take-up was recorded in Kuala Lumpur at 660,445 m<sup>2</sup> (75.0% of the national take-up) and followed by Selangor at 77,048 m<sup>2</sup>. All states, except Sabah and Kedah, also recorded increase in take-up in 2014. As a result, overall occupancy rate improved from 82.7% in 2013 to 84.9% in 2014. In term of occupancy rate, 11 states and 3 federal territories reported more than 80.0% occupancy rate. Occupancy rate in Kuala Lumpur (83.2%), Selangor (76.8%), Johor (76.8%) and Pulau Pinang (81.9%) witnessed better performance against 2013 (Kuala Lumpur (79.0%), Selangor (75.4%), Johor (75.8%) and Pulau Pinang 80.6%).

On the supply side, 23 office buildings were completed in 2014 offering a total space of 423,469 m<sup>2</sup>. This denoted an increase in completed space of more than two-fold as compared to 141,685 m<sup>2</sup> in 2013.

Contrastingly, starts softened from 290,553 m<sup>2</sup> in 2013 to 152,771 m<sup>2</sup> in 2014. New planned supply recorded an uptrend from 86,741 m<sup>2</sup> in 2013 to 265,574 m<sup>2</sup> in 2014. As at end-2014, there were 19.55 million m<sup>2</sup> of existing office space from 2,408 buildings. There were another 80 buildings (1.71 million m<sup>2</sup>) in the incoming supply and 24 buildings (0.54 million m<sup>2</sup>) in the planned supply. Kuala Lumpur dominated all the three supply categories.

### **Outlook For 2015**

Way forward, it is expected that property market would remain stable in the coming year given the confidence in the economic growth. The cautionary sentiments amongst developers and home buyers, in particular towards the GST implementation is to be expected. With the implementation, the interplay of market forces is expected, ensued by market readjustments in due time. The following six months post-GST (May 2015 - October 2015) is deemed as crucial for the industry to monitor the signals to indicate where the property market would be heading. Nevertheless, given the positive projection of the economy and the accommodative financial environment, property market should be able to sustain in the coming year.

#### *(a) Residential Property Sub-sector*

Residential sub-sector is expected to show moderate activity in the coming year. The uncertainty of GST effect on the property prices is seen as the hold-back factor amongst buyers though some may have taken the opportunity to enter into agreement prior to April 2015. Housing continues to be the main focus of national agenda, in particular affordable homes.

The continuous supply of affordable houses into the market which are expected to meet the discerning demand from buyers would help stimulate the residential sub-sector. On this end, the incentives provided to the first time home buyers are seen as a positive move to help ease the entry costs of purchase. These incentives include:

- Extension of 50.0% stamp duty exemption on instruments of transfer and loan agreements until 31 December 2016 and the raise in purchase limit from RM400,000 to RM500,000.
- Improvement in Skim Rumah Pertamaku by raising the ceiling price to RM500,000 and increase the age eligibility from 35 to 40 years.

The raise in the minimum eligibility for housing loans of civil servants from RM80,000 to RM120,000 and the maximum eligibility from RM450,000 to RM600,000 as well as the abolishment of RM100 loan application processing fees is expected to entail more prospective buyers in the civil sector.

Recognising the difficulty for youths to own homes, the Youth Housing Scheme for those in the age group of 25 to 40 years with household income not exceeding RM10,000 is introduced in 2015 Budget. In addition, monthly financial assistance of RM200 would also be given to borrowers for the first two years to ease the burden of instalments. Stamp duty exemption at 50.0% on instruments of transfer and loan agreements is expected to bring about more sales in the sub-sector

#### *(b) Commercial Property Sub-sector*

The commercial sub-sector, in particular shopping complex and purpose-built office is expected to sustain, judging from the improved performance recorded in 2014. The moderating in starts would slow down the pace of new and upcoming developments to enable market to gradually absorb the new spaces coming on-stream.

Although both the Business Condition Index (BCI) and Consumer Sentiment Index (CSI) remained unpromising, several other positive indicators may help cushion-off the effect of this austerity. The 'A' credit rating given by Standard and Poor (S&P) for Malaysia's sovereign rating as well as those assigned by the ARC Ratings and Moody's Investors Service project a positive outlook on the country's future standing.

In addition, initiatives to improve private consumption namely intensifying the promotion of 'Buy Malaysia' products and increasing the frequency and extending shopping hours are expected to increase the sales turnover, which in turn will support the retail property sub-sector.

Of recent, Employees Provident Fund (EPF) has proposed to expand their property investment portfolio into industrial and office space in Malaysia and abroad. Given this prospects, the commercial property sub-sector may witness positive expansion in the coming year.

The continuous efforts put forth by InvestKL to attract Multinational Corporations to establish regional offices in the country, particularly in Kuala Lumpur and Selangor, under the Economic Transformation Programme's initiatives are expected to remain supportive of the commercial sub-sector.

*(Source: Malaysian Property Market 2014 by NAPIC released on 14 April 2015)*

### **6.3 Our prospects**

We have established ourselves as one of the premier property developers in Sarawak with a proven track record of over forty (40) years and reputable brand name. Over the past twenty (20) years, we developed the Greater Tabuan Township, which is strategically located within seven (7) kilometres from the central business district of Kuching City, into a growing self-contained township with the necessary amenities such as private hospital, international school and shopping malls. Our current mixed-development project in this township known as Tabuan Tranquillity, has recorded unbilled sales of over RM150 million as at the end of June 2015 thus providing a solid base for 2015.

Riding on the success of Tabuan Tranquillity project, we are preparing for another upcoming mixed development project sprawling across 123 acres along Kuching-Samarahan Expressway and is scheduled to commence in the 4<sup>th</sup> quarter of 2015. The development is expected to span over a five (5) years period and in two (2) stages: stage 1 developments will consists of two hundred thirty (230) units of shop offices, three (3) blocks of office suite and retail units, one (1) unit of show room, a thirteen (13) storey apartment and an eight (8) storey small office/home office (SOHOs) block while stage 2 is currently in the planning stage. The Board is of the view that the upcoming development projects would be equally well received in view of the strategic location and comprehensive amenities of the township.

In 2015, we continue to expand beyond our traditional market in Sarawak by venturing into Peninsular Malaysia starting with a high-rise development project in the Kuala Lumpur City Centre. As mentioned in Section 4, we have acquired a vacant commercial plot at Kuala Lumpur, measuring 5,825 square metres for this purpose. The Board deems the said development project as a strategic move to enhance our future earning potential and expand our presence in Peninsular Malaysia.

*(Source: Management of Ibraco)*

## 7. FINANCIAL EFFECTS

For illustrative purposes, the proforma effects of the Rights Issue on our share capital, NA per Share, gearing, earnings and EPS are as follows:

### 7.1 Share capital

The proforma effects on our issued and paid-up share capital are as follows:

	No. of Shares	Par Value (RM)	Share Capital (RM)
As at the LPD	126,634,095	1.00	126,634,095
To be issued pursuant to the Rights Issue	50,653,638	1.00	50,653,638
<b>Enlarged issued and paid-up share capital after the Rights Issue</b>	<b>177,287,733</b>	<b>1.00</b>	<b>177,287,733</b>

### 7.2 NA and gearing

The proforma effects of the Rights Issue on our NA and gearing based on our audited consolidated financial statements as at 31 December 2014 are set out below:

Group Level	Audited as at 31.12.2014 (RM'000)	After Exercise of ESOS options up to the LPD <sup>(a)</sup> (RM'000)	After the Rights Issue (RM'000)
Share capital	126,624	126,634	177,288
Share premium reserves	9,964	9,981	<sup>(b)</sup> 8,881
Share option reserves	17	-	-
Retained earnings	96,840	96,840	96,840
<b>Shareholders' funds</b>	<b>233,445</b>	<b>233,455</b>	<b>283,009</b>
Non-controlling interest	3,517	3,517	3,517
<b>Total equity/NA</b>	<b>236,962</b>	<b>236,972</b>	<b>286,526</b>
Number of Shares	126,624	126,634	177,288
NA per Share (RM) <sup>(c)</sup>	1.87	1.87	1.62
NA per Share attributable to ordinary equity holders of Ibraco (RM) <sup>(d)</sup>	1.84	1.84	1.60
Borrowings (RM)	100,304	100,304	<sup>(e)</sup> 70,304
Gearing (times)	0.42	0.42	0.25

Notes:

- (a) Subsequent to the FYE 31 December 2014, a total of 10,000 Shares were allotted and issued at RM1.01 per Share as a result of the exercise of share options under the ESOS.
- (b) After netting off estimated expenses in relation to the Rights Issue of approximately RM1.10 million.
- (c) Computed based on NA over Number of Shares.
- (d) Computed based on Shareholders' funds over Number of Shares.
- (e) The reduction in total borrowings and gearings due to repayment of borrowings from the proceeds from the Rights Issue, details of which are set out in **Section 4**.

### 7.3 Earnings and EPS

The Rights Issue is expected to be completed in the third quarter of 2015 and will have a dilutive impact on our EPS for the FYE 31 December 2015 as a result of an increase in the number of Shares in issue upon completion of the Rights Issue.

For illustration purpose only to show the dilutive impact on the EPS of our Group, assuming that the Rights Issue had already been effected on 1 January 2014 (before taking into consideration the effects arising from the utilisation of proceeds from the Rights Issue), the proforma effects of the Rights Issue on our EPS are as follows:

	<b>Audited 31 December 2014</b>	<b>After the Rights Issue</b>
PAT attributable to the owners of the parents (RM'000)	36,379	* 36,379
Number of Shares in issue ('000)	126,634	177,288
EPS (sen)	28.73	20.52

Note:

\* The estimated expenses in relation to the Rights Issue of approximately RM1.10 million are accounted for as a deduction from share premium.

The Rights Issue is expected to contribute positively to our earnings for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

## 8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 8.1 Working capital

At as the LPD, the Board is of the opinion that, after taking into account the amount to be raised from the Rights Issue, the banking facilities available to our Group and the funds generated from our operations, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this Abridged Prospectus.

### 8.2 Borrowings

As at the LPD, details of our Group's total outstanding borrowings, all of which are interest bearing and secured, are as follows:

<b>Secured Interest-bearing borrowings</b>	<b>RM'000</b>
Short-term (due within 12 months)	71,173
Long-term (due after 12 months)	91,068
<b>Total</b>	<b>162,241</b>

As at the LPD, our Group does not have any non-interest bearing borrowings or foreign currency denominated borrowings.

There has been no default on payments of either interest and/or principal sums by our Group in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period up to the LPD.

### 8.3 Contingent liabilities

As at the LPD, the Board confirms that there are no contingent liabilities incurred or known to be incurred by us, which upon becoming enforceable, may have a material adverse impact on the financial results or position of our Group.

### 8.4 Material commitments

As at the LPD, there are no material commitments, incurred or known to be incurred by us.

## 9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE

### 9.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares, which you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for Provisional Rights Shares provisionally allotted to you, as well as apply for any Excess Rights Shares if you so choose to do so.

This Abridged Prospectus and RSF are also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).

### 9.2 Procedures for Acceptance, Application and Payment

If you wish to accept the Provisional Rights Shares either in full or in part, please complete **Part I(A)** and **Part II** of the RSF in accordance with the notes and instructions contained in the RSF and submit it together with the appropriate remittance, to our Share Registrar at the following address:

For delivery by hand, ordinary post and/or courier:

Securities Services (Holdings) Sdn. Bhd. (36869-T)  
Level 7, Menara Milenium, Jalan Damanlela  
Pusat Bandar Damansara, Damansara Heights  
50490 Kuala Lumpur

Tel : +603 – 2084 9000  
Fax : +603 – 2094 9940 / 2095 0292

not later than 5.00 p.m. on **10 August 2015**, being the last date and time for the acceptance and payment for the Rights Shares or such later date and time as the Board may decide and announce not less than two (2) Market Days before the original closing date.

If you do not wish to accept the Provisional Rights Shares in full, you are entitled to accept part of your entitlements. The minimum number of Rights Shares that can be accepted is one (1) Rights Share. Applicants should take note that a trading board lot of the Shares comprise one hundred (100) Shares. You have to complete **Part I(A)** and **Part II** of the RSF by specifying the number of Provisional Rights Share(s) which you are accepting. The portion of the Provisional Rights Share(s) that has not been accepted will be allotted to applicants applying for Excess Rights Shares in the manner set out in **Section 9.4**.

Acceptance, application and payment for the Provisional Rights Shares must be made on the RSF and must be completed in accordance with the notes and instructions therein.



Acceptances which do not conform with the terms and conditions of this Abridged Prospectus or the RSF together with the notes and instructions therein or which are illegible may not be accepted at the absolute discretion of the Board.

All acceptance and payment for the Provisional Rights Shares shall be submitted to our Share Registrar by the mode of despatch of your choice and is entirely at your own risk.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Provisional Rights Shares accepted in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be made payable to "**IBRACO RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number. The payment must be made in the exact amount. Any acceptance with excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or any other mode of payment not prescribed herein are not acceptable.

No acknowledgement of the receipt of the RSF for the Provisional Rights Shares or application monies will be issued by our Company or our Share Registrar in respect of the Provisional Rights Shares. However, a notice of allotment will be dispatched to you by ordinary post to the address stated in the RSF within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares.

Application shall not be deemed to have been accepted by reason of remittance being presented for payment.

If acceptance and payment(s) for the Provisional Rights Shares offered to are not received by our Share Registrar by 5.00 p.m. on **10 August 2015**, or such later date and time as the Board may decide and announce not less than two (2) Market Days before the original closing date, the Provisional Rights Shares will be deemed to have been declined and will be cancelled. If the Rights Shares are not fully taken up by such applicants, the Board will have the right to allot such Rights Shares to the applicants who have applied for Excess Rights Shares in the manner as set out in **Section 9.4**. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

The Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

You should note that all RSF and remittances lodged with the Share Registrar will be irrevocable and cannot subsequently be withdrawn, where the application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and shall be sent to you within fifteen (15) Market Days from the last date for acceptance and payment for the Rights Shares by ordinary post to the address shown in the Record of Depositors at your own risk.

### **9.3 Procedures for sale or transfer of Provisional Rights Shares**

The Provisional Rights Shares are renounceable and will be traded on Bursa Securities commencing **27 July 2015** up to and including **31 July 2015** at 5.00 p.m. As such, you and/or your renounee(s) and/or transferee(s) may sell/transfer all or part of your entitlements to the Provisional Rights Shares.

The Provisional Rights Shares is a prescribed security pursuant to Section 14(5) of the SICDA and therefore the SICDA and the Rules of Bursa Depository shall apply in respect of dealings of the Provisional Rights Shares.

Under the CDS environment, the processes of splitting, nomination and renunciation are generated by electronic book-entries made in the CDS Accounts of the entitled person and the new purchaser. If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account. You may sell part or all of the Provisional Rights Shares.

As the Provisional Rights Shares are prescribed securities, should you and/or your renounee(s) and/or transferee(s) wish to sell all or part of your entitlement to the Provisional Rights Shares, you may do so immediately through your stockbrokers for the period up to the last day of trading of the Provisional Rights Shares on **31 July 2015** at 5.00 p.m., without first having to request for a split of the Provisional Rights Shares standing to the credit in your CDS Account.

To sell all or part of your Provisional Rights Shares, you and/or your renounee(s) and/or transferee(s) may sell such entitlements on Bursa Securities or transfer such entitlements to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling all or part of your Provisional Rights Shares, you and/or your renounee(s) and/or transferee(s) need not deliver any document (including the RSF) to the stockbroker in respect of the portion of the Provisional Rights Shares sold. However, you and/or your renounee(s) and/or transferee(s) must ensure that you have sufficient Provisional Rights Shares standing to the credit of your CDS Account that are available for settlement of the sale.

If you have purchased any Provisional Rights Shares on Bursa Securities, to enable you to accept the Provisional Rights Shares, you should obtain the RSF from one (1) of the following:

- (a) Our Registered Office at:

Ibraco House  
No. 898 Jalan Wan Alwi  
Tabuan Jaya  
93350 Kuching  
Sarawak, Malaysia

- (b) Our Share Registrar:

Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan, Malaysia

- (c) Bursa Securities' website (<http://www.bursamalaysia.com>).

If you and/or your renounee(s) and/or transferee(s) have sold only part of your entitlements to the Provisional Rights Shares, you may still accept the balance of your entitlements to the Provisional Rights Shares by completing **Part I(A)** and **Part II** of the RSF and forwarding the RSF together with the full amount payable on the balance of the Provisional Rights Shares applied for to our Share Registrar in accordance with the instructions in **Section 9.2** above.

You are required to complete the RSF and submit the same with the requisite payment to our Share Registrar as described under **Section 9.2** above on Procedures for Acceptance, Application and Payment.

The Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

#### 9.4 Procedures for Excess Rights Shares application

If you and/or your renounce(s) wish to apply for Excess Rights Shares in excess of your entitlement, you may do so by completing **Part I(B)** of the RSF (in addition to **Part I(A)** and **Part II** of the RSF) and forwarding it with a separate remittance for the full amount payable in respect of the Excess Rights Shares applied for to our Share Registrar, not later than 5.00 p.m. on **10 August 2015** or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment under the Excess Rights Shares Application(s) should be made in the same manner described in **Section 9.2** except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia should be made payable to "**IBRACO EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number. Cheques or any other mode of payments not prescribed herein are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares, if any, on a fair and equitable manner to our Entitled Shareholders and/or their renounee(s) and/or transferee(s) who have applied for the Excess Rights Shares in the following priority:

- (a) firstly, to minimise the incidence of odd lots;
- (b) secondly, for allocation to our Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Accounts in our Company on the Entitlement Date;
- (c) thirdly, for allocation to our Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares applied for;
- (d) fourthly, for allocation to the renounee(s) and/or transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares applied for;
- (e) In the event of any Excess Rights Shares balance after the above allocations are completed, the balance will be allocated in such manner as the Board deems fit and expedient and in the best interest of our Company; and
- (f) In the event that there are still unsubscribed Rights Shares after allocating all the Excess Rights Shares applied for, the remaining unsubscribed Rights Shares will be subscribed by the Underwriter in accordance with the terms and conditions set out in the Underwriting Agreement.

Nevertheless, the Board reserves the right to allot the Excess Rights Shares in such manner as they deem fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in (a) to (f) above is achieved.

The Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

No acknowledgement of the receipt of the RSF for the Excess Rights Shares Application(s) or application monies will be issued by our Company or our Share Registrar in respect of the Excess Rights Shares Application(s). However, a notice of allotment will be dispatched to you by ordinary post to the address stated in the RSF within eight (8) Market Days from the last date for acceptance and payment for the Excess Rights Shares.

**In respect of unsuccessful or partially successful Excess Rights Shares Application(s), the full amount or the balance of the application monies (as the case may be) will be refunded without interest within fifteen (15) Market Days from the last date of application and payment of the Excess Rights Shares by ordinary post to the address shown in Bursa Depository's records at your own risk.**

**If you lose, misplace or for any reason require another copy of the RSF, you may obtain additional copies from our Registered Office, Bursa Securities' website (<http://www.bursamalaysia.com>) or our Share Registrar.**

## **9.5 CDS Accounts**

Bursa Securities has already prescribed our Shares listed on the Main Market to be deposited with Bursa Depository. Accordingly, the Rights Shares shall be prescribed securities and as such, all dealings in the Rights Shares will be by book entry through CDS Accounts and will be governed by the Central Depositories Act, Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository. You must have a CDS Account in order to subscribe for the Rights Shares. Failure to comply with these specific instructions or inaccuracy(ies) in the CDS Account number may result in the application being rejected.

The acceptance of the Rights Shares by you or any purchaser of the Rights Shares thereof shall mean consent to receiving such Rights Shares as prescribed securities which will be credited directly into your or the purchaser's CDS Account.

All Excess Rights Shares allotted shall be credited directly into the CDS Account of the successful applicants.

You are required to use one (1) RSF for each CDS Account. Separate RSFs must be used if you have more than one (1) CDS Account having been credited with the Rights Shares. If successful, the Rights Shares that you subscribed for will be credited into the CDS Account where the Provisional Right Shares are standing to the credit.

## **9.6 Foreign Shareholders**

This Abridged Prospectus, NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue is not intended to be (and will not be) made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than, nor under or in accordance with any laws other than that of, nor lodged, registered or approved by any regulatory authority or relevant body other than those in Malaysia.

The Rights Issue to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus and the RSF electronically or otherwise within Malaysia. Accordingly, this Abridged Prospectus, NPA and RSF will not be sent to Foreign Shareholders who do not have a registered address in Malaysia as stated in our Record of Depositors. Foreign Shareholders may also collect or authorise any other person to collect on their behalf, the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event, our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and/or authority of the person collecting the aforesaid documents.

If you accept the Rights Issue, we will assume that such acceptance would not be in breach of the laws of any jurisdiction that you are subject to and that such Rights Issue were accepted by you in, and subject to the laws of Malaysia.

Nevertheless, the Board reserves the right, in their absolute discretion, to treat any acceptance as invalid and/or ineffective, if they believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements.

Remittances by Foreign Shareholders and/or their renounee(s) and/or transferee(s) who wish to accept the Rights Issue subject to the above conditions must be made in the manner prescribed in **Sections 9.2 and 9.4**.

It shall be your sole responsibility to consult your legal and/or other professional advisers and to satisfy yourself as to whether your acceptance or renunciation (as the case may be) of all or part of your entitlements to the Rights Issue would result in the contravention of any law to which you are subject (including those of any country or jurisdiction other than Malaysia, if any). Neither Ibraco nor KIBB, being the Principal Adviser or any other advisers to the Rights Issue, shall accept any responsibility or liability whatsoever to any party in the event that such acceptance or renunciation by you and/or your renounee(s) and/or transferee(s) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

If you are a Foreign Shareholder, by signing the RSF, you and/or your renounee(s) and/or transferee(s) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) our Company, the Board and officers, and other advisers to the Rights Issue that:

- (a) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which you and/or your renounee(s) and/or transferee(s) is or might be subject to;
- (b) you and/or your renounee(s) and/or transferee(s) have complied with the laws to which you and/or your renounee(s) and/or transferee(s) are or may be subject to in connection with the acceptance or renunciation;
- (c) you and/or your renounee(s) and/or transferee(s) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the Rights Shares, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (d) you and/or your renounee(s) and/or transferee(s) are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (e) you and/or your renounee(s) and/or transferee(s) have respectively received a copy of this Abridged Prospectus and have read and understood the contents of this Abridged Prospectus; and
- (f) you and/or your renounee(s) and/or transferee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

## **9.7 Notice of Allotment**

Upon the allotment of the Rights Shares in respect of your acceptance and Excess Rights Shares Application(s) (if any), the Rights Shares shall be credited into your CDS Account. No physical certificates will be issued to you in respect of the Rights Shares. However, a notice of allotment will be sent to you by ORDINARY POST within eight (8) Market Days from the last date of acceptance and payment of the Rights Shares/Excess Rights Shares Application(s) at the address shown in Bursa Depository's records at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and shall be sent by ORDINARY POST to you within fifteen (15) Market Days from the last date of acceptance and payment of the Rights Shares/Excess Rights Shares Application(s) to the address shown in Bursa Depository's records at your own risk.

The allotment of the Rights Shares, despatch of notices of allotment and application to Bursa Securities for the quotation of the Shares must be made within eight (8) Market Days from the last day for the acceptance and payment of the Rights Shares.

**YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

**THE LATEST TIME AND DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WILL BE AT 5.00 P.M. ON 10 AUGUST 2015 OR SUCH LATER DATE AND TIME AS THE BOARD MAY DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED DATE AND TIME.**

**AN APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

**10. TERMS AND CONDITIONS**

The issue of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions as set out in this Abridged Prospectus and the accompanying RSF and NPA.

**11. FURTHER INFORMATION**

Please refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**IBRACO BERHAD**



**LIU TOW HUA**  
Executive Director

**CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE  
PASSED AT OUR EGM HELD ON 16 JULY 2015**

**IBRACO BERHAD**

[Company No. 11286-P]  
Incorporated in Malaysia

Extract from the Minutes of the Extraordinary General Meeting of IBRACO BERHAD held at Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching on Thursday, 16 July 2015 at 11:00 a.m.

**ORDINARY RESOLUTION:**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 50,653,638 NEW ORDINARY SHARES OF RM1.00 EACH IN IBRACO ("SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD IN IBRACO ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")**

**RESOLVED:**


"**THAT**, subject to all approvals being obtained from the relevant authorities or parties (where required) approval be and is hereby given to the Board of Directors of Ibraco ("**Board**") to provisionally allot and issue by way of renounceable rights issue of 50,653,638 Rights Shares at an issue price of RM1.00 per Rights Share to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on the entitlement date to be determined by the Board, or their renounees, on the basis of two (2) Rights Shares for every five (5) existing Ibraco Shares held, and on such other terms and conditions as the Board may determine;

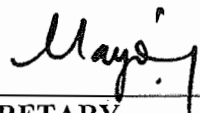
**AND THAT**, all such Rights Shares shall upon allotment and issuance, rank pari passu in all respects with the then existing Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotment and/or other forms of distributions that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares;

**AND THAT**, any fractional entitlement arising from the Proposed Rights Issue shall be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deem expedient and in the best interest of Ibraco;

**AND FURTHER THAT**, the Board be and hereby authorised to take all steps and to execute any such documents or instruments as may be required upon such terms and conditions as the Board may deem fit or expedient to give full effect to the Proposed Rights Issue with full power to assent to any conditions, modification, revaluation, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities or as may be deemed necessary by the Board and to deal with all matters relating thereto and to take all steps to do all such acts and things in any manner as they may deem necessary, in connection with the Proposed Rights Issue and as they may deem fit and expedient, in the interest of the Company."

**CERTIFIED TRUE EXTRACT**

  
\_\_\_\_\_  
**EXECUTIVE DIRECTOR**  
**LIU TOW HUA**

  
\_\_\_\_\_  
**SECRETARY**  
**MAY WONG MEI LING**  
**(MIA 18483)**

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**INFORMATION ON IBRACO**


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**1. HISTORY AND BUSINESS**

We were incorporated under the Act on 30 August 1971 as a private limited company under the name of Ibraco Realty Development Berhad. On 28 July 2003, our Company was converted into a public limited company under the name Ibraco Realty Development Berhad. On 1 August 2003, we changed our name to Ibraco Berhad. Our principal activities are realty development and investment holding.

We were listed on the Main Market on 16 June 2004.

The principal activities of our subsidiaries are set out in **Section 6** of this **Appendix II**.

**2. SHARE CAPITAL**

Our authorised and issued and paid-up share capital is as follows:

	No. of shares	Par Value (RM)	Share Capital (RM)
Authorised			
- Shares	500,000,000	1.00	500,000,000
- Redeemable cumulative preference shares	100,000	1.00	100,000
	500,100,000	1.00	500,100,000
Issued and fully paid-up - Shares	126,634,095	1.00	126,634,095

**3. CHANGES IN AUTHORISED AND ISSUED AND PAID-UP SHARE CAPITAL**

There were no changes in our authorised share capital for the past three (3) years up to and including the LPD.

Details of changes in the issued and paid-up capital of our Company over the last three (3) years up to the LPD (i.e. between 11 July 2012 to 10 July 2015) are as follows:

Date of Allotment	No. of Shares Allotted	Par Value (RM)	Consideration/ Type of Issue	Cumulative Issued and Paid- up Share Capital (RM)
15 August 2012	16,000	1.00	RM1.01 / ESOS	121,036,095
6 September 2012	16,000	1.00	RM1.01 / ESOS	121,052,095
5 October 2012	33,000	1.00	RM1.01 / ESOS	121,085,095
7 November 2012	23,000	1.00	RM1.01 / ESOS	121,108,095
7 December 2012	567,000	1.00	RM1.01 / ESOS	121,675,095
9 January 2013	178,000	1.00	RM1.01 / ESOS	121,853,095
7 February 2013	48,000	1.00	RM1.01 / ESOS	121,901,095
6 March 2013	144,000	1.00	RM1.01 / ESOS	122,045,095
5 April 2013	56,000	1.00	RM1.01 / ESOS	122,101,095
8 May 2013	24,000	1.00	RM1.01 / ESOS	122,125,095



## INFORMATION ON IBRACO (CONT'D)

Date of Allotment	No. of Shares Allotted	Par Value (RM)	Consideration/ Type of Issue	Cumulative Issued and Paid-up Share Capital (RM)
10 June 2013	517,000	1.00	RM1.01 / ESOS	122,642,095
3 July 2013	2,441,000	1.00	RM1.01 / ESOS	125,083,095
6 August 2013	733,000	1.00	RM1.01 / ESOS	125,816,095
5 September 2013	381,000	1.00	RM1.01 / ESOS	126,197,095
8 November 2013	16,000	1.00	RM1.01 / ESOS	126,213,095
23 December 2013	275,000	1.00	RM1.01 / ESOS	126,488,095
7 May 2014	10,000	1.00	RM1.01 / ESOS	126,498,095
9 June 2014	5,000	1.00	RM1.01 / ESOS	126,503,095
10 November 2014	85,000	1.00	RM1.01 / ESOS	126,588,095
2 December 2014	36,000	1.00	RM1.01 / ESOS	126,624,095
10 March 2015	10,000	1.00	RM1.01 / ESOS	126,634,095

## 4. SUBSTANTIAL SHAREHOLDERS

The effects of the Rights Issue on our substantial shareholders' shareholdings are set out below:

Substantial Shareholders	Shareholdings as at the LPD				After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
HGS	32,905,321	26.0	-	-	46,067,449	26.0	-	-
Mr Chew	4,000,000	3.2	<sup>(a)</sup> 32,905,321	26.0	5,600,000	3.2	<sup>(a)</sup> 46,067,449	26.0
Mr Ng	21,936,666	17.3	<sup>(b)</sup> 9,000,000	7.1	30,711,332	17.3	<sup>(b)</sup> 12,600,000	7.1
Ms Chia	9,000,000	7.1	<sup>(c)</sup> 21,936,666	17.3	12,600,000	7.1	<sup>(c)</sup> 30,711,332	17.3
Sharifah Deborah Sophia Ibrahim	25,071,420	19.8	-	-	35,099,988	19.8	-	-

Notes:

- (a) Deemed interested by virtue of his substantial shareholding in HGS pursuant to Section 6A of the Act.
- (b) Deemed interested by virtue of his spouse's shareholding in our Company pursuant to Section 6A of the Act. Ms Chia is the wife of Mr Ng.
- (c) Deemed interested by virtue of her spouse's shareholding in our Company pursuant to Section 6A of the Act. Mr Ng is the husband of Ms Chia.

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**INFORMATION ON IBRACO (CONT'D)****5. DIRECTORS****5.1 Details of the Board**

<b>Directors</b>	<b>Address</b>	<b>Age</b>	<b>Nationality</b>	<b>Profession</b>	<b>Designation</b>
Ng Cheng Chuan	6B, Cable Road Singapore 249902	57	Singaporean	Company Director	Non-Independent Non-Executive Chairman
Datuk (Dr.) Philip Ting Ding Ing	Lot 4740, Fairway Villa Jalan Siol Kanan Petra Jaya 93050 Kuching Sarawak, Malaysia	63	Malaysian	Chartered Accountant	Independent Non-Executive Deputy Chairman
Chew Chiaw Han	2, Jalan Tan Sri Ong Kee Hui 93300 Kuching Sarawak, Malaysia	39	Malaysian	Company Director	Managing Director
Liu Tow Hua	1331, Tabuan Jaya Baru Phase 1 Jalan Stutong 93350 Kuching Sarawak, Malaysia	56	Malaysian	Chartered Accountant	Executive Director
Sharifah Deborah Sophia Ibrahim	Lot 50A, Tabuan Jaya Tengah Off Jalan Urat Mata 93350 Kuching Sarawak, Malaysia	52	Malaysian	Company Director	Non-Independent Non-Executive Director
Ng Kee Tiong	65, Jalan SS5B/1 Kelana Jaya 47301 Petaling Jaya Selangor, Malaysia	47	Malaysian	Chartered Accountant	Independent Non-Executive Director
Guido Paul Philip Joseph Ravelli	C-3-1, Sri Kenny Condominium 28, Jalan Tun Ismail 50480 Kuala Lumpur Malaysia	64	British	Civil Engineer	Independent Non-Executive Director

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**INFORMATION ON IBRACO (CONT'D)**
**5.2 Directors' shareholdings**

The proforma effects of the Rights Issue on our Directors' direct and indirect shareholdings in our Company based on our Register of Directors' shareholdings as at the LPD are as follows:

Directors	Shareholdings as at the LPD				After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ng Cheng Chuan	21,936,666	17.3	<sup>(a)</sup> 9,000,000	7.1	30,711,332	17.3	<sup>(a)</sup> 12,600,000	7.1
Datuk (Dr.) Philip Ting Ding Ing	550,000	0.4	-	-	770,000	0.4	-	-
Chew Chiaw Han	4,000,000	3.2	<sup>(b)</sup> 32,905,321	26.0	5,600,000	3.2	<sup>(b)</sup> 46,067,449	26.0
Liu Tow Hua	-	-	-	-	-	-	-	-
Sharifah Deborah Sophia Ibrahim	25,071,420	19.8	-	-	35,099,988	19.8	-	-
Ng Kee Tiong	250,000	0.2	-	-	350,000	0.2	-	-
Guido Paul Philip Joseph Ravelli	-	-	-	-	-	-	-	-

Notes:

- (a) Deemed interested by virtue of his spouse's shareholding in our Company pursuant to Section 6A of the Act. Ms Chia is the wife of Mr Ng.
- (b) Deemed interested by virtue of his substantial shareholding in HGS pursuant to Section 6A of the Act.

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**INFORMATION ON IBRACO (CONT'D)**


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**6. SUBSIDIARIES AND ASSOCIATED COMPANY****(a) Subsidiaries**

Details of our subsidiaries are as follows:

<b>Name of company</b>	<b>Date and place of incorporation</b>	<b>Issued and paid-up capital RM</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
Greater Tabuan Sdn Bhd	7 April 1983 Malaysia	2,000,000	100	Housing and property development
Syarikat Ibraco-Premba Sdn Bhd	28 September 1974 Malaysia	9,135,002	100	Land and property development
Foso One Sdn Bhd	15 April 2003 Malaysia	3,650,000	100	Construction
Ibraco Construction Sdn Bhd	10 September 2002 Malaysia	9,940,000	100	Construction
Ibraco HGS Sdn Bhd	13 October 2011 Malaysia	2,000,000	70	Property development and investment holding
Ibraco Pelita Sdn Bhd	7 February 2013 Malaysia	1,000,000	75	Property development and construction
Ibraco Plantation Sdn Bhd	2 December 2013 Malaysia	1,000,000	70	Plantation and investment holding
Ibraco Spectrum Sdn Bhd	1 April 2003 Malaysia	1,000,000	100	Landscaping and trading of building materials and related products
Ibraco Infinity Sdn Bhd	18 February 2003 Malaysia	250,000	100	Property management services
<b><u>Subsidiary company of Ibraco HGS Sdn Bhd</u></b>				
Warisar Sdn Bhd	11 July 2012 Malaysia	100,000	56	Property development and construction

**(b) Associated company**

We do not have any associated companies as at the LPD.

**INFORMATION ON IBRACO (CONT'D)****7. PROFIT AND DIVIDEND RECORD**

The summary of the profit and dividend record based on our Group's audited consolidated financial statements from the FYE 31 December 2012 to 2014 and the latest unaudited consolidated financial statements for the three (3) months FPE 31 March 2015 are set out below:

	<----- Audited ----->			Unaudited	Unaudited
	FYE 2012	FYE 2013	FYE 2014	FPE 31	FPE 31
	RM'000	RM'000	RM'000	March 2015	March 2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	122,340	177,142	229,061	57,180	59,005
Gross profit	28,642	59,931	61,476	19,965	12,254
Other income	612	825	7,467	165	215
EBITDA	21,937	48,341	56,737	17,520	10,238
Finance costs	(2,575)	(3,718)	(2,978)	(602)	(732)
PBT	18,949	44,013	52,816	16,618	9,284
Taxation	(4,842)	(10,989)	(14,050)	(3,962)	(2,581)
<b>PAT attributable to</b>					
- Owners of the Company ("PATNCI")	14,112	33,076	36,379	10,555	6,372
- Non-controlling interests	(5)	(52)	2,387	2,101	331
	14,107	33,024	38,766	12,656	6,703
Gross profit margin (%)	23.4%	33.8%	26.8%	34.9%	20.8%
PATNCI margin (%)	11.5%	18.7%	15.9%	18.5%	10.8%
Number of Shares in issue ('000)	121,675	126,488	126,624	126,634	126,624
Weighted average number of Shares ('000)	121,533	124,032	126,516	126,626	126,488
Basic EPS (sen)	11.6	26.1	28.7	8.3	5.0
Diluted EPS (sen)	11.6	26.7	28.8	8.3	5.0
Tax exempt dividend paid per Share (sen)	5.00	10.00	10.00	Nil	10.00

**Commentary on the financial performance****FYE 31 December 2012**

Our revenue for the financial year was 7.7% higher at RM122.3 million (2011 : RM113.6 million) while our PATNCI grow by 12% to RM14.1 million (2011 : RM12.6 million).

During 2012, the revenue was primarily recognised from the sales of 4-storey shop houses and residential houses at Tabuan Tranquility (revenue of RM84.7 million) and Tabuan Stutong Jaya (revenue of RM20.3 million), sales of developed vacant land at Tabuan Tranquility (revenue of RM2.6 million) and Trombol Golden Beach.(revenue of RM11.9 million), and rental income from investment property (revenue of RM2.8 million).

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**INFORMATION ON IBRACO (CONT'D)**

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These projects comprised different type of properties and at varying stage of sales and completion. In addition profit margin of each project also varies. A brief descriptions of the said projects are set out below:-

- ❖ Tabuan Tranquility projects ("**Tabuan Tranquility**"), launched in 2010, is an integrated mixed development project spanning over 179 acres, comprising commercial centres as well as over 1,300 units of properties, consisting of high rise, terrace, semi-detached, shop offices and vacant detached lots. The project is greatly enhanced with the establishment of hypermarket, commercial hub with banks, eateries, fashion and lifestyle shops.
- ❖ Tabuan Stutong Jaya, launched in 2011, is a low density residential estate at Jalan Stampin Baru. It features 73 units of single-storey terrace houses and 4 units of single-storey semi-detached houses and is well-connected to major road and provides excellent accessibility to the city and amenities like shopping centres, banks, healthcare and leisure facilities.
- ❖ Trombol Golden Beach project, launched during the year, involves the sales of vacant lots located 39 kilometres away from Kuching City and received strong response with 100% take up rate.

Finance cost increased from RM0.64 million in 2011 to RM2.58 million in 2012. This is primarily due to interest incurred on banking facilities to finance the construction of investment property and acquisition of development land.

**FYE 31 December 2013**

We reported a 45% growth in revenue to RM177.1 million (2012 : RM122.3 million). Property development activities continue to be the main contributor accounting for RM132.3 million or 75% of our Group's revenue. The remaining revenue were derived from (i) land sales of RM42.0 million to finance our working capital for upcoming developments and ongoing development activities in Kuching and Bintulu; and (ii) rental income (RM2.8 million).

In spite of the various new legislative measures that are widely anticipated to impede the performance of property developers in general, we continue to experience strong take up rates, and hence revenue growth, from our various existing residential properties: Tabuan Tranquility (RM103.9 million revenue recognised) and Stutong Heights Apartment ("**Stutong Heights**") which was launched during the year (RM15.5 million revenue recognised).

During the year, we launched Town Square Bintulu ("**Town Square**"), which carries an estimated gross development value of not less than RM672 million. Town Square is a joint venture development with Bintulu Development Authority that will transform 13.8 hectares of prime lands at the heart of fast growing Bintulu town into an integrated lifestyle hub featuring shop offices, hotels, mall, condominium and apartment. This redevelopment started on a slow note in 2013 and generated revenue of RM12.9 million from the construction of sewage treatment plant.

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**INFORMATION ON IBRACO (CONT'D)**

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**FYE 31 December 2014**

We recorded strong sales performance with revenue of RM229.1 million during the financial year, an increase of 29% as compared to FYE 31 December 2013, as well as a 10% improvement in PATNCI to RM36.4 million (2013 : RM33.1 million).

Property development activities remain the key revenue driver with a turnover of RM193.4 million (84.5% of total revenue). During the year, we focused on launching specific product types that met market demands while taking into consideration various property cooling measures instituted by the Malaysian Governments. The key revenue contributor to sales and profits were from our flagship Tabuan Tranquility which contributed 64% of our Group's revenue (RM147.6 million).

Considerable profits were also derived from the sales of guarded seaside resort lots, namely Golden Beach 2 where all units were fully sold soon after the launch (revenue of RM10.8 million). In addition, our maiden projects in Bintulu, Town Square project, continue to receive encouraging response and have contributed RM11.4 million to our revenue. We have also sold affordable apartment units and shop houses at Stutong, which generated an aggregate revenue of RM23.6 million. Rental income from investment property remained consistent at RM2.9 million.

The construction activities recorded improved revenue of RM32.8 million during the year compared to RM12.9 million in FYE 2013. The project involves construction of sewage treatment plant in Bintulu and was scheduled to complete in 2015. During the FYE 2014, we actively participated in the tender for construction and infrastructure projects with the aim to expand our construction arm.

**Unaudited three (3) months FPE 31 March 2015**

Our revenue for the FPE 31 March 2015 decreased by 3.1% to RM57.18 million (FPE 31 March 2014 ("1Q2014"): RM59.0 million). During the period, revenue was primarily recognised from the sales of residential houses, condominiums and commercial units at Tabuan Tranquility, sales of apartments at Stutong Heights, sales of developed vacant land at Trombol 2, as well as sales of shophouses at Town Square. These projects comprised different type of properties and at varying stages of sales and completion. In addition, profit margin between projects also varies and this has contributed to a higher profit margin for the period.

Other revenue were generated from construction project at Bintulu (RM2.6 million; 1Q2014: RM16.4 million) and rental income from investment property (RM0.8 million; 1Q2014: RM0.7 million).

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**INFORMATION ON IBRACO (CONT'D)****8. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of Shares traded on Bursa Securities for the past twelve (12) months from July 2014 to June 2015 are as follows:

		<b>High (RM)</b>	<b>Low (RM)</b>
<b><u>Year 2014</u></b>	July	1.79	1.48
	August	1.79	1.60
	September	1.78	1.60
	October	2.04	1.48
	November	1.90	1.55
	December	1.89	1.39
<b><u>Year 2015</u></b>	January	1.77	1.54
	February	1.85	1.68
	March	2.05	1.82
	April	2.06	1.82
	May	2.06	1.93
	June	2.18	1.98

The last transacted price of the Shares on Bursa Securities on:

- (a) 21 May 2015, being the last trading day prior to the announcement of the Rights Issue was RM2.04 per Share;
- (b) 10 July 2015, being the LPD was RM2.20 per Share; and
- (c) 21 July 2015, being the last trading day prior to the ex-rights date for the Rights Issue was RM2.30 per Share.

*(Source: Bloomberg Finance L.P.)*

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**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON**



Ernst & Young af: 0039  
Chartered Accountants  
3rd Floor Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Sarawak, Malaysia

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**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Prepared for inclusion in the Abridged Prospectus to be dated 24 July 2015)

The Board of Directors  
Ibraco Berhad  
Ibraco House,  
No.898, Jalan Wan Alwi, Tabuan Jaya,  
93350 Kuching, Sarawak.

16 July 2015

Dear Sirs

**IBRACO BERHAD ("IBRACO" OR "THE COMPANY")**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION IN RELATION TO THE RENOUNCEABLE RIGHTS ISSUE OF 50,653,638 NEW ORDINARY SHARES OF RM1.00 EACH ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES OF RM1.00 EACH ("SHARES") HELD IN IBRACO BERHAD ("IBRACO" OR "THE COMPANY") ON THE ENTITLEMENT DATE ("RIGHTS ISSUE")**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Ibraco Berhad and its subsidiaries ("the Group") as at 31 December 2014 prepared by the Directors, as set out in Appendix 1. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 1 to Note 4.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors to illustrate the impact of the events or transactions set out in Note 2 to Note 4 on the Group's financial position as at 31 December 2014 as if the event or transaction had taken place at 31 December 2014. As part of this process, information about the financial position has been extracted by the Directors from the relevant financial statements for the year ended 31 December 2014, on which an audit report has been published.

**The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position**

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

---

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

---

**Our responsibilities**

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved 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 Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

For the purposes 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 Statements of Financial Position, 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 Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



### Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position, have been compiled in all material respects, on the basis of the applicable criteria.

### Other matters

This letter is issued for the sole purpose of the inclusion in the Abridged Prospectus in connection with the Right Issue. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Right Issue described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Right Issue.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young'.

ERNST & YOUNG  
AF: 0039  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Au Yong Swee Yin'.

AU YONG SWEE YIN  
3101/02/16 (J)  
Chartered Accountant

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)

Appendix 1

Pro forma Consolidated Statements of Financial Position as at 31 December 2014

	Audited as at 31.12.2014 RM '000	Adjustment RM '000	Pro forma I After subsequent completed event RM '000	Adjustment RM '000	Pro forma II After Pro Forma I and the Right Issue RM '000	Adjustment RM '000	Pro forma III After Pro Forma II and utilisation of proceeds RM '000
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	8,559		8,559		8,559		8,559
Land held for property development	130,846		130,846		130,846		130,846
Investment property	51,400		51,400		51,400		51,400
Deferred tax assets	4,732		4,732		4,732		4,732
	<u>195,537</u>		<u>195,537</u>		<u>195,537</u>		<u>195,537</u>
<b>Current assets</b>							
Property development costs	84,089		84,089		84,089	19,554	103,643
Inventories	12,249		12,249		12,249		12,249
Trade and other receivables	26,648		26,648		26,648		26,648
Other current assets	80,658		80,658		80,658		80,658
Investment securities	4,285		4,285		4,285		4,285
Cash and bank balances	17,474	10	17,484	50,654	68,138	(50,654)	17,484
	<u>225,403</u>		<u>225,413</u>		<u>276,067</u>		<u>244,967</u>
<b>TOTAL ASSETS</b>	<u>420,940</u>		<u>420,950</u>		<u>471,604</u>		<u>440,504</u>



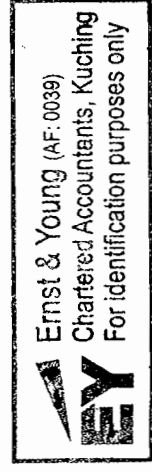
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)

Appendix 1

Pro forma Consolidated Statements of Financial Position as at 31 December 2014

Audited as at 31.12.2014 RM '000	Adjustment RM '000	Pro forma I After subsequent completed event RM '000	Adjustment RM '000	Pro forma II After Pro Forma I and the Right Issue RM '000	Adjustment RM '000	Pro forma III After Pro Forma II and utilisation of proceeds RM '000
41,540	2	41,540		41,540		41,540
41,542		41,542		41,542		41,542
<b>EQUITY AND LIABILITIES</b>						
<b>Non-current liabilities</b>						
Loans and borrowings						
58,764		58,764		58,764	(30,000)	28,764
75,641		75,641	1,100	76,741	(1,100)	75,641
7,238		7,238		7,238		7,238
793		793		793		793
142,436		142,436		143,536		112,436
183,978		183,978		185,078		153,978
<b>Current liabilities</b>						
Loans and borrowings						
Trade and other payables						
Other current liabilities						
Tax payable						
<b>Total liabilities</b>						



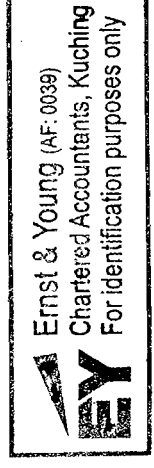
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)

Appendix 1

Pro forma Consolidated Statements of Financial Position as at 31 December 2014

	Audited as at 31.12.2014 RM '000	Adjustment RM '000	Pro forma I After subsequent completed event RM '000	Adjustment RM '000	Pro forma II After Pro Forma I and the Right Issue RM '000	Adjustment RM '000	Pro forma III After Pro Forma II and utilisation of proceeds RM '000
<b>Equity attributable to owners of parent</b>							
Share capital	126,624	10	126,634	50,654	177,288	177,288	177,288
Share premium	9,964	17	9,981	(1,100)	8,881	8,881	8,881
Share option reserve	17	(17)	-	-	-	-	-
Retained earnings	96,840		96,840		96,840	96,840	96,840
	<u>233,445</u>		<u>233,455</u>		<u>283,009</u>		<u>283,009</u>
Non-controlling interest	3,517		3,517		3,517	3,517	3,517
<b>Total equity</b>	<u>236,962</u>		<u>236,972</u>		<u>286,526</u>		<u>286,526</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>420,940</u>		<u>420,950</u>		<u>471,604</u>		<u>440,504</u>
Net assets	236,962		236,972		286,526		286,526
Number of Ibraco Shares in issue	126,624	10	126,634	50,654	177,288		177,288
NA per Ibraco Share (RM)	1.87		1.87		1.62		1.62



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)

Appendix 1

Notes to Pro Forma Consolidated Statements of Financial Position  
As at 31 December 2014

1. Basis of preparation

The Pro Forma Consolidated Statements of Financial Position of Ibraco, for which the Directors are solely responsible, have been prepared to illustrate the effects on the Consolidated Statements of Financial Position of Ibraco as at 31 December 2014 had the Rights Issue described in Note 3 been effected on that date. The Pro Forma Consolidated Statements of Financial Position should be read in conjunction with the notes set out below.

The Pro Forma Consolidated Statements of Financial Position of Ibraco have been compiled using the audited consolidated financial statements of Ibraco as at 31 December 2014, which were prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and accounting policies of Ibraco.

2. Pro forma I - Subsequent completed event

Subsequent to the financial year ended 31 December 2014, a total of 10,000 Shares of RM1.00 were allocated and issued at RM1.01 per Share as a result of the exercise of share options by eligible directors and employees of the Group under the Employees' Share Option Scheme ("ESOS"). These Shares rank pari-passu in all respect with the existing ordinary shares of the Company.

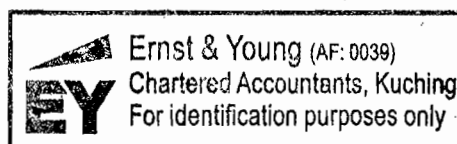
The audited consolidated statement of financial position of Ibraco as at 31 December 2014 is adjusted with the effects of the above subsequent completed event for the purpose of illustration to show the effects of the aforementioned event on the Right Issue.

3. Pro forma II - Right Issue

Pro Forma II incorporates the effects of Pro Forma I and the Right Issue which involves the issuance of 50,653,638 Right Shares at an issue price of RM1.00 per Right Share, on the basis of two (2) Right Shares for every five (5) Shares held, on the entitlement date.

The Rights Issue is expected to raise total gross proceeds of approximately RM50.654 million.

The total estimated expenses in relation to the Rights Issue is RM1,100,000. These transaction costs are accounted for as a deduction from share premium to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)

Appendix 1

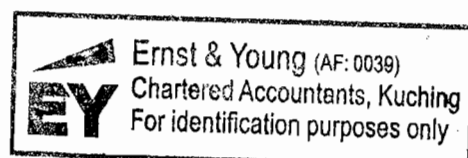
Notes to Pro Forma Consolidated Statements of Financial Position  
As at 31 December 2014

4. Pro forma III

Pro Forma III incorporates the effects of Pro Forma II and the effects of the utilisation of the proceeds from the Right Issue.

The net proceeds from the Rights Issue will be utilised in the following manner:

	RM'000
Repayment of borrowings	30,000
Project financing	19,554
Estimated expenses in relation to Right Issue	.1,100
	<u>50,654</u>
	=====






**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31  
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON**



**CERTIFIED TRUE COPY**

  
-----  
**EY** Ernst & Young (AF: 0039)  
Chartered Accountants  
Au Yong Swee Yin  
(Partner)

**IBRACO BERHAD  
(011286-P)  
(Incorporated in Malaysia)**

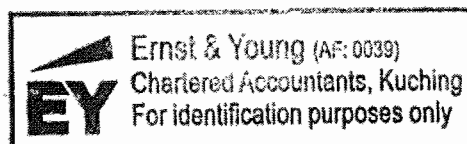
**Directors' Report and Audited Financial Statements  
31 December 2014**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad  
(Incorporated in Malaysia)**

Directors:	Ng Cheng Chuan Chew Chiaw Han Sharifah Deborah Sophia Ibrahim Datuk (Dr.) Ting Ding Ing Ng Kee Tiong Guido Paul Philip Joseph Ravelli Liu Tow Hua Chew Pok Oi (Alternate director to Sharifah Deborah Sophia Ibrahim)
Secretary:	May Wong Mei Ling Yeo Puay Huang
Registered office:	Ibraco House No. 898, Jalan Wan Alwi Tabuan Jaya, 93350 Kuching Sarawak
Auditors:	Ernst & Young
Principal bankers:	AmBank (M) Berhad United Overseas Bank (Malaysia) Berhad RHB Bank Berhad Industrial and Commercial Bank of China (Malaysia) Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad Hong Leong Bank Berhad Public Bank Berhad

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad  
(Incorporated in Malaysia)**

**Directors' Report**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

**Principal activities**

The Company is engaged in realty development and investment holding. The principal activities of the subsidiary companies are set out in Note 13 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

**Results**

	<b>Group RM</b>	<b>Company RM</b>
Profit net of tax	38,766,451	31,399,479
Profit attributable to:		
Owners of the Company	36,379,241	31,399,479
Non-controlling interests	2,387,210	-
	<u>38,766,451</u>	<u>31,399,479</u>

**Reserves and provision**

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

**Dividends**

The amounts of dividends paid by the Company since 31 December 2013 were as follows:

	RM
In respect of the financial year ended 31 December 2013 as reported in the directors' report of that year:	
Interim tax exempt (single-tier) dividend of 10% on 126,488,095 ordinary shares, declared on 17 December 2013 and paid on 10 January 2014 in respect of the financial year ended 31 December 2013	12,648,809
In respect of the financial year ended 31 December 2014:	
Interim tax exempt (single-tier) dividend of 10% on 126,624,095 ordinary shares, declared on 21 November 2014 and paid on 15 December 2014 in respect of the financial year ended 31 December 2014	12,662,409
	<u>25,311,218</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad  
(Incorporated in Malaysia)**

**Directors' Report**

**Directors**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

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

**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Plan.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

**Directors' interests**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	As at 1.1.2014	Acquired	Sold	As at 31.12.2014
<b>The Company</b>				
<b>Direct interest</b>				
Sharifah Deborah Sophia Ibrahim	25,071,420	-	-	25,071,420
Ng Cheng Chuan	21,936,666	-	-	21,936,666
Chew Chiaw Han	4,000,000	-	-	4,000,000
Datuk (Dr.) Ting Ding Ing	550,000	-	-	550,000
Ng Kee Tiong	250,000	-	-	250,000

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad**  
(Incorporated in Malaysia)

**Directors' Report**

**Directors' interests (contd.)**

	Number of ordinary shares of RM1 each			
	As at 1.1.2014	Acquired	Sold	As at 31.12.2014
<b>The Company (contd.)</b>				
<b>Indirect interest</b>				
Chew Chiaw Han	29,384,721	1,720,600	-	31,105,321
Ng Cheng Chuan	9,000,000	-	-	9,000,000

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

**Issue of shares**

During the financial year, the Company increased its issued and paid-up ordinary shares capital from RM126,488,095 to RM126,624,095 by way of the issuance of 136,000 ordinary shares of RM1 each through the exercise and allotment of 136,000 option shares of RM1 each at RM1.01 per share pursuant to the Employee Share Option Scheme.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

**Employee Share Option Plan**

At an Extraordinary General Meeting held on 29 June 2011, shareholders approved the Employee Share Option Scheme ("ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible employees and directors of the Ibraco Group (excluding subsidiaries which are dormant).

The committee administering the ESOS comprises the board of directors.

The salient features and other terms of the ESOS is disclosed in Note 22 to the financial statements.

On 1 July 2011, the Company granted 12,240,000 share options under the ESOS. These options expire on 30 June 2016 and are exercisable only by the grantee during his life time and whilst he is in the employment of the Group and within the Options Period.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad**  
(Incorporated in Malaysia)

**Directors' Report**

**Employee Share Option Plan (contd.)**

Details of all the options to subscribe for ordinary shares of the Company pursuant to ESOS as at 31 December 2014 are as follows:

<b>Expiry date</b>	<b>Exercise price (RM)</b>	<b>Number of options</b>
30 June 2016	1.01	<u>12,240,000</u>

**Other statutory information**

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad**  
**(Incorporated in Malaysia)**

**Directors' Report****Other statutory information (contd.)**

- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**Significant and subsequent events**

Details of significant and subsequent events are disclosed in Note 13 and Note 38 to the financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31  
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Ibraco Berhad**  
**(Incorporated in Malaysia)**

**Directors' Report**

---

**Auditors**

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

Signed on behalf of the Board in accordance with a resolution of the directors dated **24 APR 2015**



**Chew Chiaw Han**



**Liu Tow Hua**



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, **Chew Chiaw Han** and **Liu Tow Hua**, being two of the directors of **Ibraco Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 114 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 40 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated **24 APR 2015**



Chew Chiaw Han




Liu Tow Hua

Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Liu Tow Hua**, being the director primarily responsible for the financial management of **Ibraco Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 115 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
abovenamed **Liu Tow Hua**  
at Kuching in the State of Sarawak  
on **24 APR 2015**

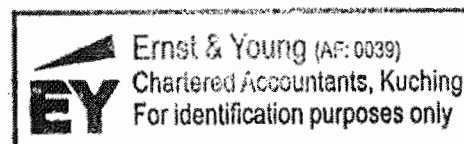
Liu Tow Hua

Before me,

**PHANG DAH NAN**  
Commissioner For Oaths  
First Floor, Sublot 18,  
Lot 2227, M10 Commercial Centre,  
10th Mile, Kuching - Serian Road,  
Sarawak

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**Ernst & Young** AF: 0039  
Chartered Accountants  
3rd Floor Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Sarawak, Malaysia

Tel: +6082 243 233  
Fax: +6082 421 287  
ey.com

**Independent Auditors' Report to the Members of  
Ibraco Berhad  
(Incorporated in Malaysia)**

**Report on the financial statements**

We have audited the financial statements of **Ibraco Berhad**, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 114.

*Directors' responsibility for the financial statements*

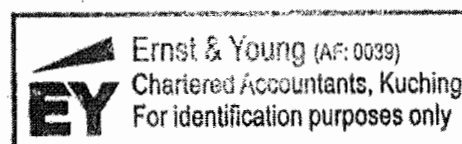
The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the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

*Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**Independent Auditors' Report to the Members of Ibraco Berhad (contd.)**

*Opinion*

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

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

**Other reporting responsibilities**

The supplementary information set out in Note 40 on page 115 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**Independent Auditors' Report to the Members of Ibraco Berhad (contd.)**

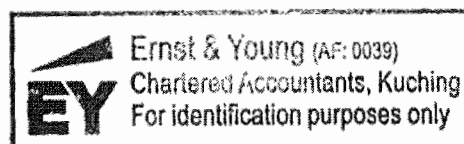
**Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG  
AF: 0039  
Chartered Accountants

CHIN MUI KHIONG PETER  
No. 1881/03/16 (J)  
Chartered Accountant

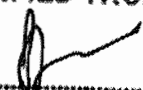
Kuching, Malaysia.  
Date: 24 APR 2015



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad**  
(Incorporated in Malaysia)  
Statements of Profit or Loss and Other Comprehensive Income  
For the financial year ended 31 December 2014

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Ernst & Young (AF: 0039)  
Chartered Accountants

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	4	229,061,354	177,141,635	183,729,371	164,227,474
Cost of sales	5	(167,585,715)	(117,210,794)	(136,720,978)	(109,556,346)
<b>Gross profit</b>		<u>61,475,639</u>	<u>59,930,841</u>	<u>47,008,393</u>	<u>54,671,128</u>
<b>Other item of income</b>					
Other income		7,466,599	824,889	8,189,728	480,787
<b>Other items of expense</b>					
Administrative expenses		(12,901,101)	(12,919,243)	(9,209,402)	(10,740,378)
Selling and marketing expenses		(246,473)	(80,340)	(246,473)	(80,340)
Other expenses		-	(24,759)	-	-
<b>Operating profit</b>		<u>55,794,664</u>	<u>47,731,388</u>	<u>45,742,246</u>	<u>44,331,197</u>
Finance costs	6	(2,977,967)	(3,718,305)	(3,016,467)	(3,823,307)
<b>Profit before tax</b>	7	<u>52,816,697</u>	<u>44,013,083</u>	<u>42,725,779</u>	<u>40,507,890</u>
Income tax expense	10	(14,050,246)	(10,989,405)	(11,326,300)	(10,971,675)
<b>Profit net of tax, representing total comprehensive income for the year</b>		<u><u>38,766,451</u></u>	<u><u>33,023,678</u></u>	<u><u>31,399,479</u></u>	<u><u>29,536,215</u></u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		36,379,241	33,076,437	31,399,479	29,536,215
Non-controlling interests		2,387,210	(52,759)	-	-
		<u><u>38,766,451</u></u>	<u><u>33,023,678</u></u>	<u><u>31,399,479</u></u>	<u><u>29,536,215</u></u>
<b>Earnings per share attributable to owners of the Company (sen)</b>					
Basic	11(a)	29	27		
Diluted	11(b)	29	27		

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)  
Statements of Financial Position  
As at 31 December 2014

	Note	← Group		← Company	
		31.12.2014 RM	Restated 31.12.2013 RM	31.12.2014 RM	Restated 31.12.2013 RM
<b>ASSETS</b>			Restated 1.1.2013 RM		Restated 1.1.2013 RM
<b>Non-current assets</b>					
Property, plant and equipment	12	8,558,503	2,933,898	2,947,008	1,643,524
Investments in subsidiary companies	13	-	-	33,077,168	32,377,170
Land held for property development	14(a)	130,845,839	107,471,736	129,806,103	120,926,496
Investment property	15	51,400,000	44,486,878	51,400,000	45,187,638
Deferred tax assets	26	4,732,493	2,357,993	1,950,609	2,411,309
		195,536,835	157,250,505	219,180,888	202,546,137
<b>Current assets</b>					
Property development costs	14(b)	84,088,651	81,903,142	60,407,535	87,762,145
Inventories	16	12,249,097	1,067,225	12,536,457	901,267
Trade and other receivables	17	26,647,768	28,599,512	57,022,908	25,411,916
Other current assets	18	80,658,347	25,975,546	34,974,076	17,732,312
Investment securities	20	4,285,542	9,600,000	121,871	27,114,370
Cash and bank balances	21	17,473,875	19,769,381	12,323,368	19,389,637
		225,403,280	166,914,806	177,386,215	178,311,647
<b>TOTAL ASSETS</b>		420,940,115	324,165,311	396,567,103	380,857,784

**EY** Ernst & Young (AF: 0039)  
Chartered Accountants, Kuching  
For identification purposes only

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**EY** Ernst & Young (AF: 0039)  
Chartered Accountants

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)  
Statements of Financial Position  
As at 31 December 2014 (contd.)

	Note	← Group		←		→		→ Company	
		31.12.2014	Restated 31.12.2013	Restated 1.1.2013	31.12.2014	Restated 31.12.2013	Restated 1.1.2013	31.12.2013	Restated 1.1.2013
		RM	RM	RM	RM	RM	RM	RM	RM
<b>EQUITY AND LIABILITIES</b>									
<b>Equity attributable to owners of the Company</b>									
Share capital	22	126,624,095	126,488,095	121,675,095	126,624,095	126,488,095	121,675,095	126,488,095	121,675,095
Share premium	22	9,964,338	9,956,578	9,091,595	9,964,338	9,956,578	9,091,595	9,956,578	9,091,595
Share option reserve	23	16,960	23,360	606,401	16,960	23,360	606,401	23,360	606,401
Retained earnings	24	96,839,828	73,122,996	58,949,523	102,927,378	84,190,308	73,557,057	84,190,308	73,557,057
Non-controlling interests		233,445,221	209,591,029	190,322,614	239,532,771	220,658,341	204,930,148	220,658,341	204,930,148
		3,516,798	829,588	332,347	-	-	-	-	-
<b>Total equity</b>		<b>236,962,019</b>	<b>210,420,617</b>	<b>190,654,961</b>	<b>239,532,771</b>	<b>220,658,341</b>	<b>204,930,148</b>	<b>220,658,341</b>	<b>204,930,148</b>
<b>Non-current liabilities</b>									
Loans and borrowings	25	41,539,750	55,258,707	63,310,560	41,539,750	55,258,707	63,310,560	55,258,707	63,310,560
Deferred tax liability	26	2,391	2,391	78,563	-	-	-	-	-
		41,542,141	55,261,098	63,389,123	41,539,750	55,258,707	63,310,560	55,258,707	63,310,560

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Chartered Accountants

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Chartered Accountants, Kuching  
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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)

Statements of Financial Position  
As at 31 December 2014 (contd.)

		←	←	→	→	←	←	→	→
	Note	31.12.2014	31.12.2013	Restated 1.1.2013	31.12.2014	31.12.2013	Restated 1.1.2013	31.12.2013	Restated 1.1.2013
		RM	RM	RM	RM	RM	RM	RM	RM
<b>Current liabilities</b>									
Loans and borrowings	25	58,764,481	41,736,294	27,286,265	58,764,481	41,736,294	27,286,265	41,736,294	27,286,265
Trade and other payables	27	75,640,583	74,038,931	40,443,996	54,804,143	58,870,929	36,753,209	58,870,929	36,753,209
Other current liabilities	28	7,238,276	1,383,508	-	-	1,321,008	-	1,321,008	-
Income tax payable		792,615	2,466,621	2,390,966	1,925,958	3,012,505	2,439,171	3,012,505	2,439,171
<b>Total liabilities</b>		<b>142,435,955</b>	<b>119,625,354</b>	<b>70,121,227</b>	<b>115,494,582</b>	<b>104,940,736</b>	<b>66,478,645</b>	<b>104,940,736</b>	<b>66,478,645</b>
		<b>183,978,096</b>	<b>174,886,452</b>	<b>133,510,350</b>	<b>157,034,332</b>	<b>160,199,443</b>	<b>129,789,205</b>	<b>160,199,443</b>	<b>129,789,205</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>420,940,115</b>	<b>385,307,069</b>	<b>324,165,311</b>	<b>396,567,103</b>	<b>380,857,784</b>	<b>334,719,353</b>	<b>380,857,784</b>	<b>334,719,353</b>

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Chartered Accountants, Kuching  
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**EY** Ernst & Young (AF: 0039)  
Chartered Accountants

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





**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)  
Statements of Changes in Equity  
For the financial year ended 31 December 2014

	Attributable to equity holders of the Group				Non-controlling interests	Total equity
	Share capital (Note 22)	Share premium (Note 22)	Share option reserve (Note 23)	Retained earnings		
	RM	RM	RM	RM	RM	RM
<b>Group</b>						
<b>At 1 January 2013</b>	121,675,095	9,091,595	606,401	58,949,523	332,347	190,654,961
Profit net of tax, representing total comprehensive income	-	-	-	33,076,437	(52,759)	33,023,678
Contribution of capital by non-controlling interests	-	-	-	-	550,000	550,000
<b>Transactions with owners:</b>						
Grant of equity-settled share options to employees	-	-	243,888	-	-	243,888
Forfeiture of employees share options	-	-	(10,075)	-	-	(10,075)
Exercise of employees share options	4,813,000	864,983	(816,854)	-	-	4,861,129
Dividends on ordinary shares (Note 37)	-	-	-	(18,902,964)	-	(18,902,964)
<b>At 31 December 2013</b>	126,488,095	9,956,578	23,360	73,122,996	829,588	210,420,617
Profit net of tax, representing total comprehensive income	-	-	-	36,379,241	2,387,210	38,766,451
Contribution of capital by non-controlling interests	-	-	-	-	300,000	300,000
<b>Transactions with owners:</b>						
Exercise of employees share options	136,000	7,760	(6,400)	-	-	137,360
Dividends on ordinary shares (Note 37)	-	-	-	(12,662,409)	-	(12,662,409)
<b>At 31 December 2014</b>	126,624,095	9,964,338	16,960	96,839,828	3,516,798	236,962,019

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Chartered Accountants

 Ernst & Young (AF: 0039)  
Chartered Accountants, Kuching  
For identification purposes only

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Ibraco Berhad  
(Incorporated in Malaysia)

Statements of Changes in Equity  
For the financial year ended 31 December 2014 (contd.)


Company	Attributable to equity holders of the Company				Total equity RM
	Share capital (Note 22) RM	Share premium (Note 22) RM	Share option reserve (Note 23) RM	Distributable Retained earnings (Note 24) RM	
<b>At 1 January 2013</b>	121,675,095	9,091,595	606,401	73,557,057	204,930,148
Profit net of tax, representing total comprehensive income	-	-	-	29,536,215	29,536,215
<b>Transactions with owners:</b>					
Grant of equity-settled share options to employees	-	-	243,888	-	243,888
Forfeiture of employees share options	-	-	(10,075)	-	(10,075)
Exercise of employees share options	4,813,000	864,983	(816,854)	-	4,861,129
Dividends on ordinary shares (Note 37)	-	-	-	(18,902,964)	(18,902,964)
<b>At 31 December 2013</b>	126,488,095	9,956,578	23,360	84,190,308	220,658,341
Profit net of tax, representing total comprehensive income	-	-	-	31,399,479	31,399,479
<b>Transactions with owners:</b>					
Exercise of employees share options	136,000	7,760	(6,400)	-	137,360
Dividends on ordinary shares (Note 37)	-	-	-	(12,662,409)	(12,662,409)
<b>At 31 December 2014</b>	126,624,095	9,964,338	16,960	102,927,378	239,532,771


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

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Chartered Accountants

 Ernst & Young (AF: 0039)  
Chartered Accountants, Kuching  
For identification purposes only

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad**  
**(Incorporated in Malaysia)**  
**Statements of Cash Flows**  
**For the financial year ended 31 December 2014**

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Operating activities</b>					
Profit before tax		52,816,697	44,013,083	42,725,779	40,507,890
<u>Adjustments for:</u>					
Allowance for impairment of receivables	7	959,903	336,765	-	-
Depreciation of property, plant and equipment	7	943,399	610,528	502,348	466,358
Dividend income received from investment securities	7	(325,874)	(379,565)	(48,539)	(75,468)
(Gain)/loss on disposal of property, plant and equipment	7	(294,728)	630,746	(13,236)	630,746
Gain on fair value of investment property	7	(6,229,846)	-	(6,212,362)	-
Impairment of investment in subsidiary	7	-	-	-	802,778
Interest expenses	6	2,977,967	3,718,305	3,016,467	3,823,307
Interest income	7	(237,463)	(211,453)	(1,710,602)	(365,656)
Inventories written down	7	-	259,206	-	-
Inventories written off	7	8,571	23,599	-	-
Property, plant and equipment written off	7	5,211	-	4,936	-
Share options to employees		-	233,813	-	201,110
Waiver of debts	7	-	-	2,236	6,160
Total adjustments		(2,192,860)	5,221,944	(4,458,752)	5,489,335
Operating profit before working capital changes		50,623,837	49,235,027	38,267,027	45,997,225
<u>Changes in working capital:</u>					
Property development costs		2,658,034	(5,838,016)	29,558,151	(4,277,892)
Land held for property development		(1,249,550)	(17,867,081)	(8,879,607)	(18,265,783)
Inventories		(10,616,930)	(856,318)	(11,635,190)	(901,267)
Receivables		(6,394,596)	7,049,672	(31,613,228)	222,243
Other current assets		(45,738,543)	(8,944,258)	(17,241,764)	8,243,234
Payables		14,250,461	20,946,126	8,582,023	9,462,751
Other current liabilities		5,854,768	1,383,508	(1,321,008)	1,321,008
Deposits pledged for bank guarantee		(19,220)	(835,427)	(19,220)	(835,427)
Cash generated from operations		9,368,261	44,273,233	5,697,184	40,966,092
Interest paid		(5,181,508)	(4,777,763)	(5,220,008)	(4,882,765)
Interest income		237,463	211,453	1,710,602	365,656
Taxes paid		(16,892,804)	(12,370,627)	(11,952,147)	(11,355,418)
Tax refunded		126,118	48,639	-	-
Net cash (used in)/generated from operating activities		(12,342,470)	27,384,935	(9,764,369)	25,093,565

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad**  
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**Statements of Cash Flows**  
For the financial year ended 31 December 2014 (contd.)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Investing activities</b>					
Expenditure on investment property	15	-	(683,276)	-	(683,276)
Subscription of share in subsidiaries		-	-	(700,000)	(1,450,000)
Deposits with maturity more than 3 months		(43,500)	(42,833)	(43,500)	(42,833)
Purchase of property, plant and equipment		(780,623)	(5,738,638)	(515,532)	(943,277)
Purchase of investment securities		(7,358,962)	(43,726,580)	(6,007,501)	(34,514,370)
Proceeds from disposal of investment securities		38,400,000	18,000,000	33,000,000	9,500,000
Proceeds from disposal of a subsidiary		-	-	2	-
Proceeds from shares issued to non-controlling interests		300,000	550,000	-	-
Proceeds from disposal of property, plant and equipment		319,500	-	38,000	-
Dividends received from investment securities		325,874	379,565	48,539	75,468
Net cash generated from/(used in) investing activities		31,162,289	(31,261,762)	25,820,008	(28,058,288)
<b>Financing activities</b>					
Dividend paid on ordinary shares		(25,311,218)	(6,254,155)	(25,311,218)	(6,254,155)
Repayment of term loans		(43,411,004)	(16,469,334)	(43,411,004)	(16,469,334)
Repayment of finance lease		(199,766)	(832,490)	(199,766)	(832,490)
Proceeds from exercise of employee share options		137,360	4,861,129	137,360	4,861,129
Proceeds from term loans		25,000,000	14,500,000	25,000,000	14,500,000
Net proceeds from revolving credit obtained		20,600,000	9,200,000	20,600,000	9,200,000
Net cash (used in)/generated from financing activities		(23,184,628)	5,005,150	(23,184,628)	5,005,150
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,364,809)</b>	<b>1,128,323</b>	<b>(7,128,989)</b>	<b>2,040,427</b>
<b>Cash and cash equivalents at 1 January</b>		<b>19,697,704</b>	<b>18,569,381</b>	<b>17,311,377</b>	<b>15,270,950</b>
<b>Cash and cash equivalents at 31 December</b>	21	<b>15,332,895</b>	<b>19,697,704</b>	<b>10,182,388</b>	<b>17,311,377</b>

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad**  
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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**1. Corporate information**

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

The Company is engaged in realty development and investment holding. The principal activities of the subsidiary companies are set out in Note 13 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with resolution of the directors on **24 APR 2015**

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS" or "FRSs") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2014 as described fully in Note 2.2.

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

The financial statements are presented in Ringgit Malaysia (RM).

**2.2 Changes in accounting policies**

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

On 1 January 2014, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)**

**2.2 Changes in accounting policies (contd.)**

Description	Effective for annual periods beginning on or after
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

The nature and impact of the new and amended FRSs and IC Interpretation are described below:

**Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities**

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

**Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under FRS 10: Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under FRS 10.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Ibraco Berhad**  
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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)**

**2.2 Changes in accounting policies (contd.)**

**Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets**

The amendments to FRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible asset with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by FRS 13: Fair Value Measurements. The application of these amendments has no material impact on the disclosures in the Group's and the Company's financial statements.

**IC Interpretation 21: Levies**

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

**2.3 Standards issued but not yet effective**

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 119: Defined Benefit Plans:	
Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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Notes to the Financial Statements  
For the financial year ended 31 December 2014

**2. Summary of significant accounting policies (contd.)**
**2.3 Standards issued but not yet effective (contd.)**

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 9: Financial Instruments	1 January 2018

**Amendments to FRS 119: Defined Benefit Plans: Employee Contributions**

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)**

**2.3 Standards issued but not yet effective (contd.)**

**Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

**Amendments to FRS 101: Disclosure Initiatives**

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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Notes to the Financial Statements  
For the financial year ended 31 December 2014

**2. Summary of significant accounting policies (contd.)****2.3 Standards issued but not yet effective (contd.)****Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception**

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. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provide that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

**FRS 9: Financial Instruments**

In November 2014, MASB issued the final version of FRS 9: Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139: Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will not have an effect on the classification and measurement of the Group's financial assets and financial liabilities.

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)**

**2.3 Standards issued but not yet effective (contd.)**

**Annual Improvements to FRSs 2010-2012 Cycle**

The Annual Improvements to FRSs 2010-2012 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

**(a) FRS 2: Share-based Payment**

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

**(b) FRS 3: Business Combinations**

The amendments to FRS 3 clarify that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)**

**2.3 Standards issued but not yet effective (contd.)**

**Annual Improvements to FRSs 2010-2012 Cycle (contd.)**

**(c) FRS 8: Operating Segments**

The amendments are to be applied retrospectively and clarify that:

- segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

**(d) FRS 116: Property, Plant and Equipment and FRS 138: Intangible Assets**

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

**(e) FRS 124: Related Party Disclosures**

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)****2.3 Standards issued but not yet effective (contd.)****Annual Improvements to FRSs 2011-2013 Cycle**

The Annual Improvements to FRSs 2011-2013 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

**(a) FRS 3: Business Combinations**

The amendments to FRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. These amendments are to be applied prospectively.

**(b) FRS 13: Fair Value Measurement**

The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable).

**(c) FRS 140: Investment Property**

The amendments to FRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of FRS 140; and
- the transaction meets the definition of a business combination under FRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)**

**2.3 Standards issued but not yet effective (contd.)**

**Annual Improvements to FRSs 2012-2014 Cycle**

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

**(a) FRS 7: Financial Instruments: Disclosures**

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

**(b) FRS 119: Employee Benefits**

The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

**(c) FRS 134: Interim Financial Reporting**

FRS 134 requires entities to disclose information in the notes to the interim financial statements if not disclosed elsewhere in the interim financial report.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)****2.4 Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture (MFRS 141) and IC Interpretation 15: Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be preparing their financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 31 December 2017. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have commenced transitioning their accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)****2.4 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)****(a) Assessment and planning phase**

This phase involves the following:

- (i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
- (ii) Evaluation of any training requirements; and
- (iii) Preparation of a conversion plan.

The Group and the Company have commenced their assessment and planning phase, with work progressing in each of the areas described above. This phase is expected to be completed during the upcoming financial year.

**(b) Implementation and review phase**

This phase aims to:

- (i) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
- (ii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework;
- (iii) develop disclosures required by the MFRS Framework; and
- (iv) develop training programs for the staff.

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)****2.5 Basis of consolidation**

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

The Company controls an investee if and only if the Company has all the following:

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

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)****2.5 Basis of consolidation (contd.)**

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

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

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

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**Notes to the Financial Statements**  
**For the financial year ended 31 December 2014**

**2. Summary of significant accounting policies (contd.)****2.5 Basis of consolidation (contd.)****Business combinations**

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

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**2. Summary of significant accounting policies (contd.)****2.6 Transactions with non-controlling interests**

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

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

**2.7 Property, plant and equipment**

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

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

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

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**2. Summary of significant accounting policies (contd.)**

**2.7 Property, plant and equipment (contd.)**

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

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

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

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

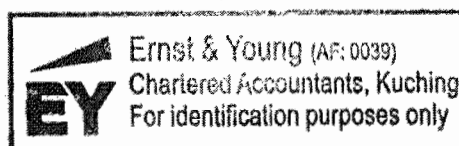
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

**2.8 Investment property**

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

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**2. Summary of significant accounting policies (contd.)****2.8 Investment property (contd.)**

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

Transfer is made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

**2.9 Impairment of non-financial assets**

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

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

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

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**2. Summary of significant accounting policies (contd.)****2.9 Impairment of non-financial assets (contd.)**

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

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

**2.10 Subsidiaries**

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

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

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

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**2. Summary of significant accounting policies (contd.)****2.11 Financial assets**

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

**(a) Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.



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**2. Summary of significant accounting policies (contd.)****2.11 Financial assets (contd.)****(b) 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 initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

**(c) Held-to-maturity investments**

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

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**2. Summary of significant accounting policies (contd.)**

**2.11 Financial assets (contd.)**

**(d) Available-for-sale financial assets**

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method 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 the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

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**2. Summary of significant accounting policies (contd.)**

**2.12 Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

**Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**2.13 Cash and cash equivalents**

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

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**2. Summary of significant accounting policies (contd.)**

**2.14 Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contracts costs are recognised as revenue and expenses respectively 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 to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of cost incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

**2.15 Land held for property development and property development costs**

**(i) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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