

## Mid Valley Megamall



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**NOTICE OF ANNUAL GENERAL MEETING**

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of IGB Corporation Berhad will be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, on Monday, 31 May 2004 at 3.00 p.m. for the transaction of the following businesses:

1. To receive the Audited Financial Statements for the year ended 31 December 2003 and the Reports of the Directors and Auditors thereon. ***Resolution 1***
2. To sanction the declaration and payment of a final dividend of 3% less tax and 2% tax-exempt for the year ended 31 December 2003. ***Resolution 2***
3. To re-elect Mr Tan Boon Seng who retires in accordance with Article 85 of the Articles of Association. ***Resolution 3***
4. To re-elect the following Directors who retire in accordance with Article 89 of the Articles of Association:
  - (i) Mr Tan Boon Lee ***Resolution 4***
  - (ii) Madam Tan Lei Cheng ***Resolution 5***
  - (iii) Madam Pauline Tan Suat Ming ***Resolution 6***
  - (iv) Mr Tony Tan @ Choon Keat ***Resolution 7***
  - (v) Mr Tan Kai Seng ***Resolution 8***
  - (vi) Datuk Abdul Habib bin Mansur ***Resolution 9***
  - (vii) Dato' Haji Megat Muhaiyadin bin Megat Hassan ***Resolution 10***
5. To re-appoint PricewaterhouseCoopers as auditors and to authorise the Directors to fix their remuneration. ***Resolution 11***

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. As special business, to consider and if thought fit, pass the following ordinary resolutions:

**(i) Proposed issue of options to Tan Boon Lee**

‘THAT, the Directors of the Company be and are hereby authorized at any time and from time to time to offer and to grant to Tan Boon Lee, an Executive Director of the Company, options to subscribe for such number of new ordinary shares of RM0.50 each in the Company and if such options are accepted and exercised, to allot and issue such number of new ordinary shares in the Company to him under the IGB Group Employee Share Option Scheme 2003 (‘Scheme’) subject always to:

- (a) the allocation of options, in aggregate to eligible employees who are Executive Directors and senior management of the Company and/or its subsidiaries (which are not dormant) do not exceed 50% of the shares available under the Scheme; and
- (b) the allocation of options to any individual eligible employee who either singly or collectively through his/her associates (as defined in the Companies Act, 1965), holds 20% or more in the issued and paid-up share capital of the Company, does not exceed 10% of the shares available under the Scheme;

subject to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the Bye-Laws of the Scheme.’

**Resolution 12**

**(ii) Authority to Directors to issue shares**

‘THAT, subject to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval of Bursa Malaysia for the listing and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.’

**Resolution 13**

Sri Bukit Persekutuan



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### (iii) Proposed Shareholders' Mandate for Recurrent Transactions

'THAT, pursuant to Chapter 10, Paragraph 10.09 of the Listing Requirements of Bursa Malaysia ('Listing Requirements'), the Company and its subsidiaries ('IGB Group') be and are hereby authorized to enter into and give effect to the Recurrent Transactions with specified classes of Related Parties as detailed in Section 2.3 of the Circular to Shareholders dated 30 April 2004, which are necessary for IGB Group's day-to-day operations in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company.

AND THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ('AGM') of the Company, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ('Act') (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is earlier; and the aggregate value of the Recurrent Transactions be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for Recurrent Transactions.

***Resolution 14***

7. To consider any other business of which due notice shall have been given.

## **NOTICE OF ANNUAL GENERAL MEETING (CONT'D)**

By Order of the Board

*Tina Chan*

*Mary Wong*

*Company Secretaries*

Kuala Lumpur

30 April 2004

**Notes:**

**1. *Appointment of Proxy***

A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorized in writing. The instrument appointing a proxy must be deposited at the Registered Office of the Company at least 48 hours before the appointed time for holding the Annual General Meeting or at any adjournment thereof.





## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 2. *Closure of Register*

The Register of Members will be closed on 1 July 2004 for purpose of preparing warrants for the final dividend which, if approved, will be paid on 30 July 2004 to every member who is entitled to receive the dividend as at 4.00 p.m. on 30 June 2004.

### 3. *Re-election of Directors*

Details of Directors who are standing for re-election are set out in the Profile of the Board of Directors.

### 4. *Explanatory Notes on Special Business:*

#### (a) **Proposed issue of options to Tan Boon Lee**

Pursuant to Bye-Laws of the IGB Group Employee Share Option Scheme 2003 ('Scheme'), prior authority has to be obtained from the shareholders in order for the Directors to offer and to grant to the full time Executive Director, options to subscribe for new shares pursuant to the Scheme. The Executive Director who will benefit from the Scheme must abstain from exercising his voting rights for this resolution.

#### (b) **Authority to Directors to issue shares**

The Ordinary Resolution proposed under item 6(ii), if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per cent (10%) of the issued capital of the Company for such purposes as they consider would be in the interest of the Company in order to avoid any delay and cost involved in convening a general meeting to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

#### (c) **Proposed Shareholders' Mandate for Recurrent Transactions**

The Ordinary Resolution proposed under item 6(iii), if passed, will allow IGB Group to enter into Recurrent Transactions pursuant to paragraph 10.09 of the Listing Requirements. Further information on the Proposed Shareholders' Mandate for Recurrent Transactions is set out in the Circular to Shareholders dated 30 April 2004, which is despatched together with the Company's Annual Report 2003. The Interested Related Parties as detailed in Section 2.3 of the aforesaid Circular have agreed that IGB may table one resolution to obtain the general mandate for all its Recurrent Transactions even if such Recurrent Transactions involve several different related parties or categories or classes of related parties. Further, the Interested Related Parties have agreed to abstain from voting on the Ordinary Resolution.

## **NOTICE OF ANNUAL GENERAL MEETING (CONT'D)**

### Statement Accompanying Notice of Annual General Meeting

#### **1. Directors retiring by rotation pursuant to Article 85 of the Article of Association**

- Mr Tan Boon Seng retires by rotation pursuant to Article 85 of the Articles of Association, and being eligible, offers himself for re-election.
- Datuk Dr. Abdul Samad bin Haji Alias retires by rotation pursuant to Article 85 of the Articles of Association, does not offer himself for re-election.

#### **Directors retiring by rotation pursuant to Article 89 of the Articles of Association**

The following Directors retire by rotation pursuant to Article 89 of the Articles of Association, and being eligible, offer themselves for re-election:

- Mr Tan Boon Lee
- Madam Tan Lei Cheng
- Madam Pauline Tan Suat Ming
- Mr Tony Tan @ Choon Keat
- Mr Tan Kai Seng
- Datuk Abdul Habib bin Mansur
- Dato' Haji Megat Muhaiyadin bin Megat Hassan

Details of Directors who are standing for re-election are set out in the Profile of the Board of Directors. Information relating to the Directors' securities holdings in the Company and its subsidiaries is set out in the Directors' Report.

#### **2. Details of attendance of Directors at Board Meetings**

There were four (4) Board meetings held during the financial year ended 31 December 2003. Details of attendance of the Directors are set out in the Profile of the Board of Directors.

#### **3. Fortieth Annual General Meeting**

Date : Monday, 31 May 2004  
Time : 3.00 p.m.  
Venue : Bintang Ballroom,  
Level 5, Cititel Mid Valley,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur



## Desa Damansara 2

Kenny Vale





## **CORPORATE** INFORMATION

## **CORPORATE** INFORMATION

### **BOARD OF DIRECTORS**

#### *Independent Non-Executive Chairman*

Tan Sri Abu Talib bin Othman

#### *Managing Director*

Robert Tan Chung Meng

#### *Executive Directors*

Tan Boon Seng

Tan Boon Lee

Chua Seng Yong, alternate to Robert Tan Chung Meng

#### *Senior Independent Non-Executive Director*

Dato' Seri Khalid Ahmad bin Sulaiman

#### *Independent Non-Executive Directors*

Datuk Dr. Abdul Samad bin Haji Alias

Tan Kai Seng

#### *Non-Independent Non-Executive Directors*

Tan Lei Cheng

Pauline Tan Suat Ming

Tony Tan @ Choon Keat

Datuk Abdul Habib bin Mansur

Dato' Haji Megat Muhaiyadin bin Megat Hassan

### **COMPANY SECRETARIES**

Tina Chan Lai Yin

Mary Wong

### **AUDIT COMMITTEE**

#### *Chairman*

Dato' Seri Khalid Ahmad bin Sulaiman

#### *Members*

Datuk Dr. Abdul Samad bin Haji Alias

Tan Kai Seng

Robert Tan Chung Meng

### **NOMINATION COMMITTEE**

#### *Chairman*

Tan Sri Abu Talib bin Othman

#### *Members*

Datuk Dr. Abdul Samad bin Haji Alias

Dato' Seri Khalid Ahmad bin Sulaiman

Pauline Tan Suat Ming

### **REMUNERATION COMMITTEE**

#### *Chairman*

Tan Sri Abu Talib bin Othman

#### *Members*

Robert Tan Chung Meng

Datuk Dr. Abdul Samad bin Haji Alias

### **EXECUTIVE COMMITTEE**

#### *Chairman*

Tan Boon Seng

#### *Members*

Robert Tan Chung Meng

Tan Boon Lee

Pauline Tan Suat Ming

### **SHARE & ESOS COMMITTEE**

#### *Members*

Robert Tan Chung Meng

Tan Boon Seng

Datuk Dr. Abdul Samad bin Haji Alias

### **REGISTERED OFFICE**

Penthouse

Menara IGB

No. 1, The Boulevard

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Telephone : 03-22898989 Facsimile : 03-22898802

**REGISTRAR**

IGB Corporation Berhad  
[Share Registration Department]  
23rd Floor  
Menara IGB  
No. 1, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Telephone : 03-22898989 Facsimile : 03-22898983

**AUDITORS**

PricewaterhouseCoopers  
11th Floor  
Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur

**PRINCIPAL BANKERS**

HSBC Bank Malaysia Berhad  
Citibank Berhad  
Malayan Banking Berhad  
RHB Sakura Merchant Bankers Berhad

**STOCK EXCHANGE LISTING**

Bursa Malaysia, Main Board



Seri Maya

Leisure & Entertainment at Mid Valley City







# PROFILE OF THE BOARD OF DIRECTORS

## PROFILE OF THE BOARD OF DIRECTORS

The Board of Directors of IGB Corporation Berhad ('IGB') comprises an Independent Non-Executive Chairman, a Managing Director, two Executive Directors and eight Non-Executive Directors, three of whom are independent.

The Board meets quarterly and additional Board Meetings are held as and when required. The Board met four times during the year ended 31 December 2003.

Particulars of the Directors are as follows:

### **Tan Sri Abu Talib bin Othman**

*Independent Non-Executive Chairman*

Malaysian, aged 66, joined the Board of IGB on 18 July 1995. He was appointed Chairman on 30 May 2001. He is also the Chairman of the Nomination Committee and Remuneration Committee of IGB.

He is a Barrister-at-law and has served in various capacities in the judicial and legal service of the Government of Malaysia. He was the Attorney General of Malaysia from 1980 until his retirement in October 1993.

He is also presently the Chairman and/or a Director of several public companies such as British American Tobacco (Malaysia) Berhad, Sime Darby Berhad, CYL Corporation Berhad, Alliance Merchant Bank Berhad, Alliance Bank Malaysia Berhad, Alliance Capital Asset Management Berhad, Alliance Unit Trust Management Berhad and MUI Continental Insurance Berhad.

He does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offence in the past ten years.

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2003.

### **Robert Tan Chung Meng**

*Managing Director*

Malaysian, aged 52, was appointed Joint Managing Director of IGB on 18 December 1995 and subsequently re-designated to Managing Director on 30 May 2001. He is also a member of the Executive Committee, Audit Committee, Remuneration Committee and Share & ESOS Committee of IGB.

He has vast experience in the property and hotel industry. After studying Business Administration in the United Kingdom, he was attached to a Chartered Surveyor's firm for one year. He has also developed a housing project in Central London before returning to Malaysia. He has been involved in various development projects carried out by IGB and Tan & Tan Developments Berhad, in particular the Mid Valley Project. He is also presently the Chairman of Wah Seong Corporation Berhad which has interest in the industrial sectors including oil and gas, infrastructure related products, industrial engineering, construction material and property.

He is a major shareholder of IGB by virtue of his substantial shareholdings in Gold IS Berhad, Tan Kim Yeow Sdn. Bhd. and Wah Seong (Malaya) Trading Co. Sdn. Bhd., all of whom are major shareholders of IGB. He is a brother of Pauline Tan Suat Ming and Tony Tan @ Choon Keat and a nephew of Dato' Tan Chin Nam, all of whom are major shareholders and/or directors of IGB. He is a cousin of Tan Boon Seng, Tan Lei Cheng and Tan Boon Lee, all of whom are directors and shareholders of IGB.

## **PROFILE OF THE BOARD OF DIRECTORS (CONT'D)**

He has no conflict of interest with the Company, other than those disclosed in Notes to the Financial Statements. He has not been convicted of any offence in the past ten years.

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2003.

### **Tan Boon Seng**

*Executive Director*

Malaysian, aged 48, joined IGB in 1980 as General Manager. He was appointed to the Board of IGB on 20 December 1990, Managing Director in 1991, re-designated as Joint Managing Director in 1995, and subsequently re-designated as Executive Director on 30 May 2001. He is the Chairman of the Executive Committee, and also a member of the Share & ESOS Committee of IGB.

He holds a Master of Arts from Cambridge University.

He is also the Chairman and Managing Director of Lee Hing Development Limited, and a Director of South China Holdings Limited, South China Brokerage Co. Limited, South China Industries Limited, Wo Kee Hong (Holdings) Limited and Star Cruise Limited, all listed on The Stock Exchange of Hong Kong Limited.

He is a son of Dato' Tan Chin Nam, who is a major shareholder of IGB, and is a brother of Tan Lei Cheng and Tan Boon Lee, who are directors and shareholders of IGB. He is a cousin of Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, all of whom are directors and major shareholders of IGB.

He has no conflict of interest with the Company and he has not been convicted of any offence in the past ten years.

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2003.

### **Tan Boon Lee**

*Executive Director*

Malaysian, aged 40, was appointed to the Board of IGB on 10 June 2003 as an Executive Director. He is the Chief Executive Officer of the Hotel division, and also a member of the Executive Committee of IGB.

He holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 18 years experience in the property and hotel industry, giving management and technical assistance to hotel and hospitality projects in Malaysia and Asia. Presently, he is the President of Malaysian Association of Hotel Owners (MAHO).

He also sits on the Board of Gold IS Berhad.

He is a son of Dato' Tan Chin Nam, who is a major shareholder of IGB, and is a brother of Tan Boon Seng and Tan Lei Cheng, who are directors and shareholders of IGB. He is a cousin of Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, all of whom are directors and major shareholders of IGB.

## **PROFILE OF THE BOARD OF DIRECTORS (CONT'D)**

He has no conflict of interest with the Company and he has not been convicted of any offence in the past ten years.

He has attended the two Board meetings of the Company held for the financial year ended 31 December 2003, since his appointment on the Board.

### **Datuk Dr. Abdul Samad bin Haji Alias**

*Independent Non-Executive Director*

Malaysian, aged 61, was appointed as a Director of IGB on 12 April 1983 and also served as the Chairman of the Audit Committee until his resignation on 30 May 2001. However, he remains as a member of the Audit Committee, and also serves as a member of the Nomination Committee, Remuneration Committee and Share & ESOS Committee of IGB.

He graduated from the University of Western Australia with a Bachelor of Commerce degree. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of the Financial Reporting Foundation, a Fellow of the Institute of Chartered Accountants in Australia and an Associate Member of the Chartered Institute of Bankers, United Kingdom. He is currently an Advisor to Ernst & Young, Malaysia.

He does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offence in the past ten years.

Of the four Board meetings of the Company held for the financial year ended 31 December 2003, he attended all except for one which he had extended his apologies.

### **Dato' Seri Khalid Ahmad bin Sulaiman**

*Senior Independent Non-Executive Director*

Malaysian, aged 68, was appointed as a Director of IGB on 18 June 1982. He is the Chairman of the Audit Committee, and also a member of the Nomination Committee of IGB.

He studied at the University of Leicester, England and was called to the Bar at Middle Temple in 1964. He worked as Legal Advisor to the statutory body (MARA) for three years before setting up his own legal practice in Penang in 1969. He was also the Penang State Executive Councillor from 1974 to 1982. Presently, he sits on the Advocates & Solicitors Disciplinary Board.

He also sits on the Board of Hong Leong Credit Berhad and HLG Capital Berhad.

He does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offence in the past ten years.

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2003.

## **PROFILE OF THE BOARD OF DIRECTORS (CONT'D)**

### **Tan Lei Cheng**

*Non-Independent Non-Executive Director*

Malaysian, aged 47, was appointed to the Board of IGB on 10 June 2003 as an Non-Independent Non-Executive Director.

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

She has 23 years of experience in the property industry and the corporate sector. She was the Chief Executive Officer of Tan & Tan Developments Berhad from March 1985, a property development company that was listed on Bursa Malaysia until Gold IS Berhad took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan Developments Berhad and Gold IS Berhad. She is presently the Executive Chairman and Chief Executive Officer of Gold IS Berhad.

She is a daughter of Dato' Tan Chin Nam, who is a major shareholder of IGB, and is a sister of Tan Boon Seng and Tan Boon Lee, who are directors and shareholders of IGB. She is a cousin of Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, all of whom are directors and major shareholders of IGB.

She has no conflict of interest with the Company and she has not been convicted of any offence in the past ten years.

She has attended the two Board meetings of the Company held for the financial year ended 31 December 2003, since her appointment on the Board.

### **Pauline Tan Suat Ming**

*Non-Independent Non-Executive Director*

Malaysian, aged 59, was appointed to the Board of IGB on 10 June 2003 as an Non-Independent Non-Executive Director. She is also a member of the Executive Committee and Nomination Committee of IGB.

She holds a Bachelor of Science (Honours) in Biochemistry from the University of Sussex, England and is also an Associate of the Chartered Institute of Secretaries and Administrators. She worked as a chemist in Malayan Sugar Manufacturing Co. Berhad from 1969 to 1972. She joined Tan Kim Yeow Sdn. Bhd. as an Executive Director in 1976 and joined Wah Seong Group of Companies in 1983.

She also sits on the Board of Wah Seong Corporation Berhad and Gold IS Berhad.

She is a major shareholder of IGB by virtue of her substantial shareholdings in Gold IS Berhad, Tan Kim Yeow Sdn. Bhd. and Wah Seong (Malaya) Trading Co. Sdn. Bhd., all of whom are major shareholders of IGB. She is a sister of Robert Tan Chung Meng and Tony Tan @ Choon Keat, and a niece of Dato' Tan Chin Nam, all of whom are directors and/or major shareholders of IGB. She is a cousin of Tan Boon Seng, Tan Lei Cheng and Tan Boon Lee, all of whom are directors and shareholders of IGB.

She has no conflict of interest with the Company, other than those disclosed in Notes to the Financial Statements. She has not been convicted of any offence in the past ten years.

She has attended the two Board meetings of the Company held for the financial year ended 31 December 2003, since her appointment on the Board.

## **PROFILE OF THE BOARD OF DIRECTORS (CONT'D)**

### **Tony Tan @ Choon Keat**

*Non-Independent Non-Executive Director*

Malaysian, aged 55, was appointed to the Board of IGB on 15 July 2003 as an Non-Independent Non-Executive Director.

He holds a Bachelor Degree in Chemical Engineering from the University of Surrey, England and a Master in Business Administration from the University of California, Berkeley, USA.

He also sits on the Board of Parkway Holdings Limited in Singapore as Deputy Chairman, and Lee Hing Development Limited in Hong Kong.

He is a major shareholder of IGB by virtue of his substantial shareholdings in Gold IS Berhad, Tan Kim Yeow Sdn. Bhd. and Wah Seong (Malaya) Trading Co. Sdn. Bhd., all of whom are major shareholders of IGB. He is a brother of Robert Tan Chung Meng and Pauline Tan Suat Ming, and a nephew of Dato' Tan Chin Nam, all of whom are directors and/or major shareholders of IGB. He is a cousin of Tan Boon Seng, Tan Lei Cheng and Tan Boon Lee, all of whom are directors and shareholders of IGB.

He has no conflict of interest with the Company, other than those disclosed in Notes to the Financial Statements. He has not been convicted of any offence in the past ten years.

He has attended the two Board meetings of the Company held for the financial year ended 31 December 2003, since his appointment on the Board.

### **Tan Kai Seng**

*Independent Non-Executive Director*

Singaporean, aged 53, was appointed to the Board of IGB on 15 July 2003 as an Independent Non-Executive Director. He is also a member of the Audit Committee of IGB.

He is a Certified Public Accountant, Singapore and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom.

Mr Tan started his career with Price Waterhouse Singapore in 1973 and joined Parkway Properties as its Financial Controller in 1980. In 1988, he was appointed to the Board of Parkway Holdings Limited, a Group with significant interests in private healthcare investment and management.

He does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offence in the past ten years.

He has attended the two Board meetings of the Company held for the financial year ended 31 December 2003, since his appointment on the Board.

## **PROFILE OF THE BOARD OF DIRECTORS (CONT'D)**

### **Datuk Abdul Habib bin Mansur**

*Non-Independent Non-Executive Director*

Malaysian, aged 60, was appointed as a Director of IGB on 13 June 2003, and is a representative of Permodalan Nasional Berhad, a major shareholder of IGB.

He holds a B.A. (Hons) from the University of Malaya, an Advance Diploma in Development Administration from the University of Manchester and a Master degree in Public Policy and Administration from the University of Wisconsin.

He has thirty years experience in both the State and Federal levels of administration when he joined the Administrative and Diplomatic Service. His last posting was the State Secretary of Perak during 1995 to 1999 before his retirement.

He does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offence in the past ten years.

He has attended the two Board meetings of the Company held for the financial year ended 31 December 2003, since his appointment on the Board.

### **Dato' Haji Megat Muhaiyadin bin Megat Hassan**

*Non-Independent Non-Executive Director*

Malaysian, aged 57, was appointed as a Director of IGB on 19 September 2003, and is a representative of Permodalan Nasional Berhad, a major shareholder of IGB.

He graduated from the University of Malaya with Bachelor of Arts degree in 1971, a post-graduate Diploma in International and National Development from the Institute of Social Studies The Hague, Netherlands in 1975, a Master in Management from the Brandeis University, Massachusetts, United States, and was a Hubert Humphrey Fellow in 1982.

He joined the Malaysian Administrative and Diplomatic Services from 1971 until his retirement in April 2003. He had served as Assistant Secretary (Development) in the Ministry of Culture, Youth and Sports, Principal Assistant Director (Establishment Division) and Deputy Director (Training & Career Development Division) in the Public Services Department, Regional Director of the National Institute of Public Administration (INTAN), Director of Kedah State Development, Director-General of Fisheries Development Authority, Federal Secretary of Sarawak, Secretary-General in the Ministry of Works and Chairman of the Malaysian Highway Authority.

He does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offence in the past ten years.

He has attended the one Board meeting of the Company held for the financial year ended 31 December 2003, since his appointment on the Board.

## PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

### **Chua Seng Yong**

*Alternate Director to Managing Director*

Malaysian, aged 42, is the Executive Assistant to the Managing Director of IGB. He joined IGB as Financial Controller in 1994 and has more than 16 years experience in property and hotel industry. He was appointed to the Board of IGB on 30 November 1999 as an alternate to Robert Tan Chung Meng.

He graduated with an Economics degree from Monash University, Australia in 1984. He is also an associate member of the Australia Society of Accountants. He attained his Masters in Business Administration from Cranfield School of Management, United Kingdom in 1992.

He does not have any family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offence in the past ten years.

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2003.

### **Details of attendance of Directors at Board Meetings**

During the financial year, a total of four (4) Board meetings were held and the details of attendance are as follows:

	<u>Attendance</u>
Tan Sri Abu Talib bin Othman	4
Robert Tan Chung Meng	4
Tan Boon Seng	4
Tan Boon Lee	2
Datuk Dr. Abdul Samad bin Haji Alias	4
Dato' Seri Khalid Ahmad bin Sulaiman	4
Tan Lei Cheng	2
Pauline Tan Suat Ming	2
Tony Tan @ Choon Keat	2
Tan Kai Seng	2
Datuk Abdul Habib bin Mansur	2
Dato' Haji Megat Muhaiyadin bin Megat Hassan	1
Chua Seng Yong	4





**STATEMENT OF** DIRECTORS' RESPONSIBILITIES

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

in respect of the Audited Financial Statements

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2003, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of Malaysia.





**REPORT OF THE AUDIT COMMITTEE**

## REPORT OF THE AUDIT COMMITTEE

### Terms of Reference

The terms of reference of the Audit Committee ('AC') are set out on pages 30 to 32.

### Memberships and Meetings

The AC comprises three independent non-executive Directors and the Managing Director. The composition of the AC is as listed below:

- (1) Dato' Seri Khalid Ahmad bin Sulaiman, Chairman, *Senior Independent Non-Executive Director*
- (2) Datuk Dr. Abdul Samad bin Haji Alias, *Independent Non-Executive Director*
- (3) Tan Kai Seng, *Independent Non-Executive Director (appointed on 15 July 2003)*
- (4) Robert Tan Chung Meng, *Managing Director (appointed on 30 May 2003)*

During the financial year, a total of four (4) AC Meetings were held and the details of attendance are as follows:

	<u>Attendance</u>
Dato' Seri Khalid Ahmad bin Sulaiman	4
Datuk Dr. Abdul Samad bin Haji Alias	2
Tan Kai Seng	2
Robert Tan Chung Meng	2

### Summary of Activities

In line with the terms of reference of the AC, the following activities were carried out by the AC during the year ended 31 December 2003 in discharging its functions:

- (1) Review of the external auditors' scope of work and their audit plan.
- (2) Review with the external auditors the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.
- (3) Review of the internal control procedures.
- (4) Review of the quarterly unaudited financial results announcements prior to recommending for the approval of the Board of Directors.
- (5) Review of the Group's risk management policy and framework.
- (6) Review of the Group's procedures in respect of the related party transactions.
- (7) Review of the Company's compliance with the Listing Requirements, the applicable approved accounting standards issued by the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements.

## **REPORT OF THE AUDIT COMMITTEE (CONT'D)**

### **Internal Audit Function**

The Group has a well established Internal Audit Department, which reports to the AC and assists the Board of Directors in monitoring and managing risks and internal controls. The AC approves the internal audit plan prior to the commencement of the new financial year. The scope of Internal Audit covers the audits of all units and operations, including subsidiaries.

The Internal Audit Department has adopted a risk-based approach towards the planning and conduct of audits which is consistent with the Group's established framework in designing, implementing and monitoring of its control systems. The Group's established monitoring process and controls self-assessment approach is in alignment with the practice of generating an embedded risk management capability and acceptable risk culture within the organization.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.



*The Boulevard, Mid Valley Megamall*

## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

### **Membership**

- The members of the AC shall be appointed by the Board of Directors upon the recommendations of the Nomination Committee and shall consist of not less than three members, a majority of whom shall be independent Directors. If membership for any reason falls below three members, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.
- The members of the AC shall elect a Chairman from among their number who shall be an independent Director.
- No alternate Director shall be appointed as a member of the AC.
- At least one member of the AC must be a member of the Malaysian Institute of Accountants or alternatively a person who must have at least three years of working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations specified in Part II of the said Schedule.
- The Board shall review the terms of office of each of the AC at least once in three years.

### **Objectives**

The primary objectives of the AC are:

- ensure transparency, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the shareholders.
- provide assistance to the Board in discharging its responsibilities relating to the Group's management of principal risks, internal controls, financial reporting and compliance of statutory and legal requirements.
- maintain through regularly scheduled meetings, a direct line of communication between the Board, senior management, internal auditors and external auditors.

### **Meetings and Minutes**

- Meetings shall be held not less than four times a year, and shall normally be attended by the Head of Finance and Head of Internal Audit. The presence of external auditors may be requested, if required. Other members of the Board may attend meetings upon the invitation of the AC. At least once a year, the AC shall meet with the external auditors without any executive Board members present.
- Unless otherwise determined by the AC members, three (3) days' notice specifying the place, date and hour of the AC Meeting and the matters to be discussed thereat shall be given to all the AC members. The external auditors and the internal auditors may request a meeting by notifying the Company Secretary if they consider it necessary.
- The quorum for each meeting shall be two members present in person, of whom two must be independent Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
- The AC may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman shall have a second or casting vote.

## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)**

- The Company Secretary shall be the Secretary of the AC.
- The AC shall cause minutes to be made of all proceedings at all meetings of the AC. The minutes of any meeting of the AC, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minutes. Minutes of each meeting shall be distributed to members of the Board. The Chairman of the AC shall report on each meeting to the Board.

### **Authority**

The AC have the following authority as empowered by the Board:

- (a) to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information and personnel pertaining to the Group;
- (d) have direct communication channels with the external and internal auditors; and
- (e) to obtain independent professional advice as necessary.

### **Responsibilities and duties**

In fulfilling its primary objectives, the AC shall undertake the following responsibilities and duties:

- Review and discuss with the external auditors of the following:
  - (a) the audit plan (including the nature and scope of audit and to ensure co-ordination of audit where more than one audit firm is involved), prior to the commencement of audit;
  - (b) their audit report;
  - (c) their evaluation of the system of internal controls;
  - (d) problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary); and
  - (e) their management letter and management's response.
- Review the quarterly results and year end financial statements, prior to submission to the Board for approval, focusing particularly on:
  - (a) going concern assumptions;
  - (b) changes in or implementation of major accounting policy changes;
  - (c) major judgemental areas, significant and unusual events; and
  - (d) compliance with accounting standards, regulatory and other legal requirements.
- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and to ensure that the Directors report such transactions annually to the shareholders vide the annual report.
- Review the following in respect of internal auditors:
  - (a) adequacy of the scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (b) internal audit programme, processes and results of the internal audit programme, processes or investigation, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - (c) effectiveness of the system of internal controls;

## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)**

- (d) major findings of internal audit investigations and management's response;
  - (e) review any appraisal or assessment of the performance of the staff of the internal audit function;
  - (f) approve any appointment or termination of senior staff member of the internal audit function; and
  - (g) note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation.
- Consider and recommend the nomination and appointment, the audit fee and any questions of resignation, dismissal or re-appointment of the external auditors.
  - Report promptly to the Bursa Malaysia on any matter reported by it to the Board of Directors which has not been satisfactorily resolved resulting in the breach of the Listing Requirements.
  - Review all prospective financial information provided to the regulators and/or the public.
  - Prepare reports, if the circumstances arise or at least once a year, to the Board summarising the work performed in fulfilling the AC's primary responsibilities.
  - Act on any matters as may be directed by the Board.





# CHAIRMAN'S STATEMENT

## CHAIRMAN'S STATEMENT

It is my pleasure, on behalf of the Board of Directors, to present to you the Annual Report and Audited Financial Statements of the Group and of the Company for financial year ended 31 December 2003.

The year under review witnessed the occurrence of several events which adversely affected the global business climate. The Iraq War, acts of terrorism and the SARS epidemic have all exerted a collective toll on many business sectors. Despite all the unhelpful happenings, our Group has performed reasonably well.

### *Financial Results*

For the year under review, Group revenue reached a new high of RM532.2 million, a growth of 31% over the previous year. Pre-tax profit was RM184.4 million, a 61% increase from RM114.5 million recorded in the previous year. This takes into account the gain from the disposal of IJM Corporation Berhad ("IJM") to Tronoh Mines Malaysia Berhad ("TMMB"). If we exclude the gain, pre-tax profit was RM105.3 million, up 3% from the previous year's RM102.2 million.

### *Dividends*

I am pleased to announce that the Board of Directors is pleased to recommend a final dividend of 5%, comprising 3% less tax and 2% tax exempt. Together with the interim dividend of 5% less tax paid earlier in the year, the total dividend paid for the year stands at 10%.

### *Corporate Developments*

In June 2002, the Company entered into negotiations with TMMB to acquire the Group's entire 19.58% stake in IJM. On 30 September 2003, the deal was finally completed.

On 12 November 2003, the Company entered into a tripartite agreement with Amtek Engineering Ltd ("Amtek") and Kris Components Bhd ("Kris") whereby IGB will acquire Kris from Amtek and dispose of Mid Valley City Sdn Bhd ("MVC"), owner of Mid Valley Megamall, to Kris and Kris in turn, dispose of its assets to Amtek except cash. The move will enable IGB to unlock the value of its investment in MVC whilst still keeping it within the Group. At the same time, shareholders' value will be enhanced with the injection of our property investment business in the retail sector into a listed vehicle.

### *Operational Highlights*

Property development, one of the key contributors to Group revenue, continued to be relatively active with the launch of three more residential projects ie, Tanamera, Seri Maya Phase 3 and MeadowBank Villas. And through Tan & Tan Developments Berhad, we entered into a joint-venture with Landmarks Berhad for a residential development in the popular Wangsa Maju township in Kuala Lumpur. The year started on a low note for hotels in light of the SARS epidemic. However, quick remedial action and sheer hardwork saw a pick-up in the latter half. Mid Valley Megamall celebrated its fifth anniversary in the face of growing competition from several new mega retail developments in the Klang Valley. Despite this, Mid Valley Megamall continued to record commendable rental returns and enjoy high levels of patronage. For asset management and construction, both divisions registered positive growth.

### *Prospects*

Rising consumer and business confidence, stronger economic fundamentals and the excellent performance of the Barisan Nasional in the General Elections all point to a more positive year for the country and for business in general.

## **CHAIRMAN'S STATEMENT (CONT'D)**

### *Prospects (cont'd)*

The Group will aim to build on its reputation as one of the leading players in the property sector by continuing to create innovative lifestyle properties that are increasingly gaining favour with an ever more discerning customer base. We shall also explore all opportunities to partner with parties, such as the one with Landmarks Berhad, which provide the synergies that will ensure outstanding developments.

With work on Mid Valley Phase 2 scheduled to commence in fourth quarter 2004, the challenge remains to maintain its position as a leading shopping destination for both Klang Valley residents and visitors to the city. This will be achieved by capitalizing on its 'City within a City' concept, location and healthy mix of quality tenants.

After SARS and the bird flu scare in early 2004, worldwide tourism looks to be on the rebound and if there are no more surprises, the trend is expected to continue for the rest of the year. The Hotels division is poised to take advantage of this positive climate to increase occupancy whilst exploring new growth markets to expand the MiCasa, SuCasa and Cititel brands.

Although the domestic economic outlook is looking much more positive, the global scenario remains uncertain. However, the Board is confident that with the Group's strong fundamentals and astute management, we are well-prepared to take advantage of business opportunities that will emerge and that the Group's performance will grow from strength to strength.

### *Boardroom*

Datuk Dr Abdul Samad bin Haji Alias has decided not to seek re-election. We thank him for his contribution to the Group's growth during his tenure and wish him success in his future endeavours.

### *Acknowledgement & Appreciation*

Oh behalf of the Board, I wish to express our sincere thanks and appreciation to the management and staff for their hardwork, support and dedication to the Group during the year, and to our business partners, customers, tenants, financiers and shareholders for their strong and continued support. I also wish to record my thanks to my fellow Directors for their advice and support.

**TAN SRI ABU TALIB BIN OTHMAN**

*Chairman*

20 April 2004

Kiosk at Mid Valley Megamall





## REVIEW OF OPERATIONS

## REVIEW OF OPERATIONS

Dear Shareholders,

Your Company turned in a commendable performance for financial year ended 31 December 2003 with Group revenue at RM532.2 million, up 31% from RM405.7 million in the previous year and pretax profit rising 61% to RM184.4 million from RM114.5 million in 2002. The improved results can be attributed to higher contribution by the various business sectors i.e property development, Mid Valley City, hotels, asset management and construction, as well as an exceptional gain from the divestment in IJM Corporation Berhad ('IJM'). For hotels, the business environment was particularly challenging in the first half of 2003 in light of the SARS outbreak which affected global travel; especially in the Asia region and in turn, the hospitality industry across the board.

On the corporate front, we are pleased to finally conclude the divestment of IJM to Tronoh Mines Malaysia Berhad for RM382.5 million on 30 September 2003. At the same time, we are very excited about the agreement with Amtek Engineering Ltd ('Amtek') and Kris Components Bhd ('Kris') as its conclusion, which we hope will take place by the middle of 2004, will take us a step closer to becoming a development and holding company focused on development with key assets which generate recurring income under a separate entity that is still part of the Group.

A summary of the divisions' performance follows:

### PROPERTY DEVELOPMENT

The property development division expanded its portfolio with the setting up of a joint-venture company with Landmarks Berhad, through Tan & Tan Developments Berhad, to develop an urban residential estate in Wangsa Maju, Selangor Darul Ehsan. Considered one of the most attractive parcels in the area, the 129.7 acre site is ideal for a development of low-density homes and will offer a new lifestyle option to Klang Valley residents. The combined experience and creativity of two award-winning property lifestyle developers will ensure an outstanding project which future residents, the city and Malaysia can be proud of. To be developed over an 8 to 10-year period, the project is scheduled to be launched in end 2004.

Three projects went on the market during the year. Tanamera, a small gated enclave of 146 townhouses and semi-detached homes located in Subang Jaya, recorded 85% in sales within the first month of launch. The other projects were Seri Maya Phase 3 located in Jalan Jelatek, with 437 'Havanna' condominium units and the final phase of Sri Bukit Persekutuan consisting of 24 'MeadowBank Villas' bungalows priced from RM3.2 million to RM5 million each. At the time of reporting, 15 units have been sold at RM54.0 million.

Three developments were also completed during the financial year 2003. These were Desa Damansara Phase 2 condominium, 201 terraced houses at Kundang Jaya, and 330 starter homes in Eka Matahari, Negeri Sembilan.

The Group ended the year with another feather to its cap when the Company was nominated the top property developer in 2003 by The Edge business weekly.

## REVIEW OF OPERATIONS (CONT'D)

### MID VALLEY CITY

Mid Valley City continues to optimize opportunities for growth and the planning construction of new components are in blue print stage.

The original vision of creating an alternative commercial hub to the traditional city centre districts is still very much the centre of our focus and the continuing success of the existing developments within Mid Valley City looks very positive in the near future.

#### *Retail*

Mid Valley Megamall ('Megamall') continues to enjoy the support and patronage of our retail partners and an increasing number of customers year on year.

2003 was another benchmark year with substantial increases in the patronage and the gross turnover of the Megamall.

Our commitment to the long term success of the Megamall is reflected in the ongoing improvements to the environment, to the tenant mix and the maintenance of an aggressive marketing programme in excess of 12 major promotions a year.

Planning for the second retail component to the city has commenced.

#### *Traffic Infrastructure*

Major improvements to the traffic infrastructure are underway to reduce the inconvenience to the inhabitants and the visitors to the city.

A new carpark building on parcel 3 will house 1,000 cars and will be commissioned in 2004. In conjunction with the new ingress and egresses to the city, planned reductions to the waiting times to enter and exit the city are expected.

Public transportation facilities will be significantly enhanced with the construction of a dedicated public bus terminal and the commissioning of a new KTM Commuter halt adjacent to the North Entrance to the Megamall.

#### *Offices*

Existing office spaces within the city are enjoying occupancy rates in excess of the Klang Valley average. Construction of an additional 495,000 sq. ft. of offices on parcel 4 is underway and is scheduled for completion in 2005.

#### *Hospitality*

In addition to the existing Cititel Mid Valley which continues to perform above expectation, 2 new modules are under construction, a 4-star, 380 room business and leisure hotel and a 480,000 sq. ft. serviced apartment complex with 220 keys. Both developments are expected to be completed in 2005.

## **REVIEW OF OPERATIONS (CONT'D)**

### **HOTELS**

As mentioned earlier, the SARS outbreak impacted significantly on the international travel with hospitality industry in the Asian region bearing the brunt with hotel occupancies dropping to the low 'teens' in April and May.

The 11 properties under the hotels division namely, Renaissance Kuala Lumpur Hotel, New World Hotel Saigon, MiCasa Hotel Apartments Kuala Lumpur, MiCasa Hotel Apartments Phnom Penh, MiCasa Hotel Apartments Yangon, SuCasa Service Apartments Kuala Lumpur, Stanford Kuala Lumpur, Cititel Mid Valley Kuala Lumpur, Pangkor Island Beach Resort, St Giles London and St Giles Heathrow, did not come out unscathed. However, appropriate measures taken to contain overheads and expenses and to ensure customer services were not affected proved effective resulting in a gradual recovery in the second half to turn in slightly below budget performances.

Besides SARS, the two UK properties were affected by London's micro economy, the Iraq war, terrorism threats and exchange rate fluctuations. The decline of the US dollar against the British pound further suppressed US and Australia visitor arrivals. On the plus side, the rising Euro made the UK more affordable for EU visitors and thus enabled us to increase our share of the European market by 6%. The market also became more competitive in light of increased capacity and the opening of new hotels in London's Docklands. Occupancy surpluses that traditionally overflowed into the Heathrow area are now moving to the Docklands instead.

Our Asia-based properties will continue with the cost containment exercise undertaken during SARS and barring any unforeseen or adverse circumstances, should be back on track to record more favourable results in the coming year. The strategy for our London hotels will be to focus on sales to the domestic and European markets and to maintain the high customer service levels consumers have come to expect from the St Giles group.

### **ASSET MANAGEMENT**

Given the soft commercial property market, the division turned in a commendable performance with 100% occupancy for the 26-storey Menara IGB and 90% for Menara Tan & Tan.

We also continued to explore avenues to achieve higher occupancy for Ampwalk, the shopping-cum-office complex on Jalan Ampang's Embassy Row, and Plaza Permata on Jalan Kampar.

### **CONSTRUCTION**

The construction activities of the Group are spearheaded by wholly-owned subsidiary, Ensignia Construction Sdn Bhd ('Ensignia').

The year under review saw the successful completion of in-house development, Desa Damansara Phase 2 condominium, and two external clients; the College of Allied Health Sciences at Sungei Buloh Hospital and Jusco Shopping Centre in Permas Jaya, Johor Bahru. The Jusco project was completed in a record four months.

Ensignia's order book, which stood at RM430 million as at 31 December 2003, continues to grow reflecting an increase in property projects within the Group and the confidence of clients such as Jaya Jusco Stores Berhad in the company's capabilities.



## **REVIEW OF OPERATIONS (CONT'D)**

### **MANPOWER DEVELOPMENT**

Without doubt, the Group's success can be attributed to a staff force who has worked diligently and unselfishly to ensure their work ethics and quality is of the highest standards. For this reason, the Company continues to allocate a significant portion of its resources towards ensuring the on-going upgrading of skills and competencies at all levels.

Numerous training programmes, both in-house and external, were undertaken during the year with the primary objective being to strengthen customer service levels, communication abilities and enhance teamwork throughout the organisation. The success of our human resource development efforts is seen in the Group's ability to achieve; and in some cases, surpass, its overall financial and corporate targets.

In an endeavour to create an environment for greater and clearer communication, two Toastmaster clubs were initiated for interested staff to hone their public speaking and inter-communication skills. The clubs are run by senior management staff while costs for venue and fees, as levied by the international body, are taken care of by the Company.

We are also cognisant of our responsibility to the communities in which we operate. Our annual scholarship award programme provides financial and mentoring support to poor students throughout the country, to help them towards a tertiary education. Every sponsored candidate is appointed a mentor so the student enjoys continuous support; at the educational and practical training levels. Graduating students in turn, are offered permanent employment placement within the Group.

The coming year will see the Group continue its focus on developing and enhancing the skills of our people, both to harness their energy and talents towards achieving our long-term goals and to ensure we care for, and retain, our best assets.

### **MOVING FORWARD**

As the outlook brightens for the country as a whole, it is hoped the government will maintain the current housing incentives to enable the property industry to sustain its growth momentum. All these, coupled with an increasing receptiveness to good lifestyle concepts and popularity of gated and guarded community developments bode well for the property development division, which will remain a key contributor to the Group. The biggest challenge will be to manage the escalating costs of building materials and shortage of selected materials to ensure minimal impact on existing and future projects.

Barring any unforeseen circumstances, the tripartite agreement with Amtek and Kris should be completed by mid-2004. The deal will enable IGB to unlock the fair value of its investment in Mid Valley City Sdn Bhd ('MVC') whilst still maintaining it within the Group, thereby enhancing shareholders' value through the injection of MVC into a listed vehicle. MVC's eventual public-listed status will also provide the Malaysian public the opportunity to invest in a company with a steady dividend stream and to participate in the Megamall's continuing success as one of the country's premier shopping destinations. Without doubt, the Company's vision for Mid Valley City and commitment to its development will ensure its continued contribution to the Group's long-term growth.

## **REVIEW OF OPERATIONS (CONT'D)**

### **CONCLUSION**

I would like to express my thanks to the management and staff for their continued dedication and commitment to the delivery of quality products and services in the respective business areas. To my fellow Board members, especially Datuk Dr Abdul Samad who has decided not to seek re-election, your wise counsel and support is much appreciated.

**ROBERT TAN CHUNG MENG**

*Managing Director*

20 April 2004



**STATEMENT ON** CORPORATE GOVERNANCE

## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ('Board') is pleased to report on the application by the Company of the principles contained in the Malaysian Code of Corporate Governance ('Code') and the extent of compliance with the best practices of the Code as required under Bursa Malaysia Listing Requirements ('Listing Requirements'). These principles and best practices have been applied throughout the year ended 31 December 2003 and are regularly audited and reviewed to ensure transparency and accountability. The only area of non-compliance with the Code is the recommended disclosure of details of the remuneration of each director. Details of the Directors' remuneration are set out by applicable bands of RM50,000, which complies with the disclosure requirements under the Listing Requirements. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the band disclosure made.

### THE BOARD

(a) **Board responsibility**

The Board has always recognized the need for good corporate governance to protect and enhance long term shareholder value and the financial performance of the Company. An indication of the Board's commitment is reflected in the conduct of regular Board meetings and the incorporation of various processes and systems as well as the establishment of relevant committees which also meet regularly.

(b) **Board balance**

The Board, led by an independent non-executive Chairman, has twelve members, comprising nine non-executive Directors and three executive Directors, with four of the nine non-executive Directors being independent Directors. The Board comprises of an appropriate balance of non-executive and executive Directors with diverse experience and expertise required for the effective stewardship of the Company and independence in decision making at Board level. A brief description on the background of each Director is presented in the Profile of the Board of Directors.

The roles of the Chairman of the Board and the Managing Director are distinct and separated with responsibilities clearly defined to ensure a balance of power and authority. Generally, the Chairman of the Board is responsible for ensuring Board effectiveness and conduct, whilst the Managing Director oversees the day-to-day management of the Group and together with the executive Directors ensure that strategies, policies and matters approved by the Board and/or the Exco are effectively implemented.

The presence of independent non-executive Directors fulfils a pivotal role in corporate accountability. Essentially, independent non-executive Directors provide unbiased and independent views, advice and judgement in the decision making process. As and when a potential conflict of interest arises, the Director concerned would declare his interest and abstain from the decision-making process.

Dato' Seri Khalid Ahmad bin Sulaiman has been appointed by the Board as the senior independent non-executive Director of the Board to whom any concerns may be conveyed.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### (c) Board Meetings

The Board meets on a scheduled basis once every quarter with additional meetings held as and when urgent issues and important decisions are required to be taken between the scheduled meetings.

The agenda for each Board meeting, together with detailed reports on operational, financial and corporate developments as well as minutes of meetings of the Board Committees, and any proposition paper to be tabled at the meeting, are circulated to the Directors for their perusal well in advance of the Board meeting date. Senior management staff may be invited to attend the Board meetings to provide the Board with detailed explanations and clarifications on certain matters that are tabled to the Board.

The Board met four (4) times during the financial year ended 31 December 2003. Details of each Director's attendance of the Board meetings are disclosed under their respective sections in the Profile of the Board of Directors.

In addition to the quarterly Board papers, the Board is also notified of any corporate announcements released to Bursa Malaysia and the impending restriction in dealing with the securities of the Company at least one month prior to release of the quarterly financial results announcement. The Board is also kept informed of the various requirements and updates issued by the various regulatory authorities.

The Directors have full access to senior management and the services of the Company Secretaries to enable them to discharge their duties. The Directors may also seek independent professional advice, where necessary, in the furtherance of their duties at the Group's expense.

### (d) Directors' Training

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia. The Directors will continue to attend Continuing Education Programme ('CEP'), to ensure that they obtain a minimum of 72 CEP points by 31 December 2004, or in accordance with any subsequent deadline imposed by Bursa Malaysia. Directors are also encouraged to attend continuous education programmes and seminars to further enhance their skills and knowledge where relevant.

### (e) Re-election of Directors

In accordance with the Company's Articles of Association ('Articles'), Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting ('AGM') provided always that all Directors retire from office at least once every three years but shall be eligible for re-election.

Details of directors seeking re-election at the forthcoming AGM are disclosed in the Statement Accompanying Notice of AGM.

## DIRECTORS' REMUNERATION

The Company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group efficiently. The component parts of their remuneration are structured so as to link rewards to corporate and individual performance in the case of executive

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Directors. In the case of non-executive Directors, the level of remuneration reflects the experience and responsibilities undertaken by the individual non-executive Director concerned.

The Remuneration Committee reviews annually and recommends to the Board, the Company's remuneration policy for executive Directors to ensure that the executive Directors are rewarded appropriately for their contributions to the Company's growth and profitability. The non-executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration. Generally, the non-executive Chairman is paid a monthly allowance while the non-executive Directors are paid annual fees and attendance allowance for each meeting that they attend.

The aggregate remuneration of Directors categorized into appropriate components as at 31 December 2003 are as follows:

In RM	Salaries	*	**	***	Total
		Fees	Other Emoluments	Benefits-in-kind	
Executive Directors	1,029,000	-	459,237	30,042	1,518,279
Non-Executive Directors	84,000	98,990	-	5,460	188,450

\* Fees include: annual fees and meeting allowances

\*\* Other Emoluments include: bonuses, incentives, retirement benefits, provisions for leave and allowances.

\*\*\* Benefits-in-kind include: rental payments, motor vehicle, club membership and personal expenses.

The aggregate remuneration of Directors analyzed into bands as at 31 December 2003 are as follows:

Range of Remuneration	Executive	Non-Executive
Below RM50,000		9
RM50,001 to RM100,000		
RM100,001 to RM150,000	1	1
RM150,001 to RM200,000	2	
RM200,001 to RM250,000		
RM250,001 to RM300,000		
RM300,001 to RM350,000	1	
RM350,001 to RM400,000		
RM400,001 to RM450,000		
RM450,001 to RM500,000		
RM500,001 to RM550,000		
RM550,001 to RM600,000		
RM600,001 to RM650,000		
RM650,001 to RM700,000		
RM700,001 to RM750,000	1	

### Notes:

1. For security and confidentiality reasons, the details of Directors' remuneration are not shown with reference to Directors individually.
2. Salaries, Other Emoluments and Benefits-in-kind paid to the executive Directors also include those who had resigned during the financial period under review.
3. Remuneration paid to an alternate Director who is a full time employee of the Group has been placed according to the classification of the principal Director.
4. Annual fees and meeting allowances of the non-executive Directors also include those who had resigned during the financial period under review.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### THE BOARD COMMITTEES

The following Board Committees have been established to assist the Board in discharging their duties, each of which operate under clearly defined terms of reference regarding its objectives, duties and responsibilities, authority, meeting and membership:

(a) **Executive Committee ('Exco')**

The Exco has full authority as delegated by the Board to oversee the conduct of the Group's core business or existing investments and to review and/or implement strategic plan for the Group with restricted authority given by way of limits determined by the Board, and to undertake such function and all matters as may be approved or delegated by the Board from time to time.

The Exco meets regularly to review the management's reports on progress of business operations as well as to assess and approve the management's proposal that require the Exco's approval. Special Exco meetings are also held on an ad-hoc basis to review the Company's quarterly financial statements, or matters that require the Exco's approval.

The Exco has held 9 meetings during the period. The members of the Exco during the year, and their attendance at the meetings, were as follows:

<u>Name of member</u>	<u>No. of meetings attended</u>
Tan Boon Seng, <i>Chairman of Exco</i>	9
Robert Tan Chung Meng	9
Tan Boon Lee ( <i>appointed on 10 June 2003</i> )	6
Pauline Tan Suat Ming ( <i>appointed on 10 June 2003</i> )	6

(b) **Audit Committee ('AC')**

The AC reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensure an objective and professional relationship is maintained with the external auditors. The AC has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the AC. The AC meets with the external auditors without any executive present at least once a year.

With an independent component of 75%, the composition of the AC is fully compliant with the Code and the Listing Requirements, which require the majority of directors on the AC to be independent and that one director is a MIA member. The AC met 4 times during the financial year ended 31 December 2003.

Full details of the composition, the terms of reference and the activities of the AC during the financial year ended 31 December 2003 are set out in the Report of the Audit Committee.

(c) **Nomination Committee ('NC')**

The NC recommends suitable candidates for appointments to the Board of the Company, including Committees of the Board. In addition, the NC assesses the effectiveness of the Board, the Committees of the Board and the contribution of each individual Director on an annual basis, and reviews succession plans for members of the Board.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The NC meets as and when required.

The NC has held only one meeting during the period which was attended by all members except Datuk Dr. Abdul Samad bin Haji Alias. The members of the NC during the year were as follows:

**Name of member**

Tan Sri Abu Talib bin Othman, *Chairman of NC*  
Dato' Seri Khalid Ahmad bin Sulaiman  
Datuk Dr. Abdul Samad bin Haji Alias  
Pauline Tan Suat Ming (*appointed on 10 June 2003*)

**(d) Remuneration Committee ('RC')**

The RC recommends to the Board the policy framework on terms of employment of and on all elements of the remuneration of executive Directors and senior executives of the Company. The RC is authorized to approve the annual bonus and salary increment of the executive Directors and senior executives of the Company. The RC meets as and when required.

The RC has held 2 meetings during the period. The members of the RC during the year, and their attendance at the meetings, were as follows:

<b><u>Name of member</u></b>	<b><u>No. of meetings attended</u></b>
Tan Sri Abu Talib bin Othman, <i>Chairman of RC</i>	2
Datuk Dr. Abdul Samad bin Haji Alias	1
Robert Tan Chung Meng	2

**(e) Share & ESOS Committee**

The Share & ESOS Committee is responsible for regulating and approving securities transactions and registrations, and for implementing and administering the ESOS of the Company. The members of the Share & ESOS Committee during the year were as follows:

**Name of member**

Tan Boon Seng  
Robert Tan Chung Meng  
Datuk Dr. Abdul Samad bin Haji Alias

**(f) Risk Management Committee ('RMC')**

The RMC comprises the members of the Exco with the Managing Director acting as the adviser and the Internal Audit Department as the risk facilitator. The RMC is authorized by the Board to review and articulate the strategies and policies relating to the management of the Company risk and ensure that risk policies and procedures are aligned to the business strategies and risk return directions of the Board and are properly implemented.



## **STATEMENT ON CORPORATE GOVERNANCE (CONT'D)**

### **INVESTORS RELATIONS AND SHAREHOLDERS' COMMUNICATION**

The Board acknowledges the need for shareholders and investors to be well informed of the Group's performance, corporate strategy and major developments. In addition to the mandatory reporting and public announcements of the Group's quarterly results to Bursa Malaysia, press releases and announcements for public dissemination are made periodically to capture any significant corporate event or product launch that would be of interest to investors and members of the public.

The AGM of the Company represents the principal forum for dialogue and interaction with shareholders, and the Board encourages shareholders to raise any questions that they may have in relation to the Company's financial performance and its business operations. Directors and the external auditors are available to provide explanations to all shareholders' queries during the AGM. Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered on the spot. After the conclusion of each AGM, executive Directors and senior management had all the while voluntarily conduct a question-and-answer session with the press, in addition to the constant dialogues with analysts, institutional shareholders and investors, to provide constructive communications on any matters concerning the Group such as its past performance, its results and its intended future performance and other relevant concerns. However, any information that may be regarded as undisclosed material information about the Group will not be disclosed to any party until after the prescribed announcement to Bursa Malaysia has been made.

### **ACCOUNTABILITY AND AUDIT**

#### **(a) Financial Reporting**

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also strive to ensure that financial reporting presents a fair and understandable assessment of the Company's position and prospects. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board prior to release to Bursa Malaysia and Securities Commission.

The Statement by Directors made pursuant to Section 169 of the Companies Act, 1965, is set in this Annual Report.

#### **(b) Internal Control**

The Board has overall responsibility for maintaining a sound system of internal control to provide reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with the internal procedures and guidelines.

Information on the Group's internal control is presented in the Statement of Internal Control.

#### **(c) Relationships with the Auditors**

The Board maintains a formal and transparent professional relationship with the auditors, through the AC.

The role of the AC in relation to the internal and external auditors is described in the Report of the Audit Committee.

This statement is made in accordance with a resolution of the Board of Directors dated 18 March 2004.

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**STATEMENT OF INTERNAL CONTROL**

## **STATEMENT OF INTERNAL CONTROL**

### **RESPONSIBILITY**

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

The role of executive management is to implement the Board's policies on risk and control and present assurance on compliance with these policies. Further independent assurance is provided by an internal audit function, which operates across the Group, and the external auditors. All employees are accountable for operating within these policies.

### **RISK ASSESSMENT**

The Board has taken steps during the year to implement a formal ongoing process for identifying, evaluating, managing and reviewing any changes in the risks faced by the businesses in the Group. The Risk Management Committee comprise members of the Executive Committee with the Managing Director as the advisor.

Group Internal Audit, as the risk facilitator, continue to involve all business and functional units of the Group in identifying significant risks impacting the achievement of business objectives of the Group. It also involved the assessment of the impact and likelihood of such risks and of the effectiveness of controls in place to manage them.

Steps are being taken to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to the management's and the Board's attention.

### **INTERNAL CONTROL**

Whilst the Board maintains full control and direction over appropriate strategic, financial, organizational and compliance issues, it has delegated to executive management the implementation of the systems of internal control within an established framework.

The main elements in the internal control framework include:

- An organizational structure with formally defined lines of responsibility and delegation of authority;
- Established procedures for planning, capital expenditure, information and reporting systems, and for monitoring the Group's businesses and their performances;
- Review by operating divisions of their annual operating budgets and capital plans with the relevant executive directors prior to submission to the Board for approval;
- Quarterly comparison of operating divisions' actual financial performance with budget;
- Operating policies and procedures which are subject to regular review and improvement;
- Regular reporting of accounting and legal developments to the Board; and
- Appointment of employees of the necessary caliber to fulfill their allotted responsibilities.

## **STATEMENT OF INTERNAL CONTROL (CONT'D)**

The Internal Audit function, which is centrally controlled, monitors compliance with policies and standards and the effectiveness of internal control structures across the whole Group. The work of the internal audit function is focused on areas of priority as identified by risk analysis and in accordance with an annual audit plan approved each year by the Audit Committee. The head of this function reports to the Audit Committee. The Audit Committee receives a full report on the function's work and findings and regular updates on specific issues.

The external auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal control and the data contained in the financial statements to the extent necessary to express their audit opinion. Findings arising from the audit are discussed with management and reported to the Audit Committee.

The directors through the Audit Committee have reviewed the effectiveness of the Group's system of internal control. A number of minor internal control weaknesses were identified during the period, all of which have been, or are being addressed. None of the weaknesses have resulted in any material losses, contingencies, or uncertainties that would require disclosure in the Group's annual report.

This statement is made in accordance with a resolution of the Board of Directors dated 18 March 2004.

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**ANALYSIS OF** SHARE/WARRANT 1999/2004/IRREDEEMABLE  
CONVERTIBLE PREFERENCE SHARE 2002/2007  
HOLDINGS as at 1 April 2004

## **ANALYSIS OF SHARE/WARRANT 1999/2004/IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE 2002/2007 HOLDINGS as at 1 April 2004**

Class of shares	:	Ordinary Shares of RM0.50 each ('Shares')
Voting rights	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

### **DISTRIBUTION OF SHAREHOLDINGS**

<b>No. of holders</b>	<b>Holdings</b>	<b>Total holdings</b>	<b>%</b>
172	Less than 100	6,415	0.00
4,027	100 - 1,000	2,927,018	0.25
16,052	1,001 - 10,000	64,158,317	5.48
4,146	10,001 - 100,000	102,843,203	8.79
375	100,001 to less than 5% of issued Shares	568,925,450	48.62
3	5% and above of issued Shares	431,307,909	36.86
<b>24,775</b>	<b>TOTAL</b>	<b>1,170,168,312</b>	<b>100.00</b>

### **THIRTY LARGEST SHAREHOLDERS**

(without aggregating securities from different securities accounts belonging to the same person)

<b>Name</b>	<b>No. of Shares</b>	<b>%</b>
1. Gold IS Berhad	238,807,909	20.41
2. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	121,500,000	10.38
3. UOBM Nominees (Tempatan) Sdn Bhd - UOB Labuan for Gold IS Berhad	71,000,000	6.07
4. Employees Provident Fund Board	50,546,925	4.32
5. Permodalan Nasional Berhad	42,571,998	3.64
6. IJM Corporation Berhad	37,102,500	3.17
7. M & A Nominee (Asing) Sdn Bhd - Montego Assets Limited	32,382,750	2.77
8. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	29,401,300	2.51
9. Multistock Sdn Bhd	27,000,000	2.31
10. HSBC Nominees (Asing) Sdn Bhd - HPBS SG for Kenderlay Ltd	20,365,500	1.74
11. UOBM Nominees (Asing) Sdn Bhd - United Overseas Bank Nominees (H.K.) Limited for HK 28 Limited	17,970,455	1.54
12. Wah Seong (Malaya) Trading Co. Sdn Bhd	17,093,433	1.46
13. Tan Chin Nam Sdn Bhd	15,509,169	1.33
14. Tan Kim Yeow Sdn Bhd	14,962,604	1.28
15. Insas Plaza Sdn Bhd	11,853,250	1.01
16. Tan Chin Nam Sdn Bhd	11,400,000	0.97
17. M & A Nominee (Asing) Sdn Bhd - Dawnfield Pte Ltd	9,750,000	0.83



**ANALYSIS OF SHARE/WARRANT 1999/2004/IRREDEEMABLE  
CONVERTIBLE PREFERENCE SHARE 2002/2007 HOLDINGS  
as at 1 April 2004 (CONT'D)**

**THIRTY LARGEST SHAREHOLDERS (CONT'D)**

(without aggregating securities from different securities accounts belonging to the same person)

Name	No. of Shares	%
18. Mayban Nominees (Asing) Sdn Bhd - DBS Bank for Timbarra Services Limited	8,425,150	0.72
19. Citicorp Nominees (Asing) Sdn Bhd - GSI for WF Asia Fund Limited	6,777,900	0.58
20. Wah Seong Enterprises Sdn Bhd	6,665,642	0.57
21. BBL Nominees (Tempatan) Sdn Bhd - Pledged securities account for Dato' Tan Chin Nam	6,355,813	0.54
22. HSBC Nominees (Asing) Sdn Bhd - CMBLSA for Invesco GT Asia Enterprise Fund	6,199,000	0.53
23. M & A Nominee (Asing) Sdn Bhd - Pedigree Limited	5,838,800	0.50
24. HSBC Nominees (Asing) Sdn Bhd - MSCO NY for Tiedemann Global Emerging Markets L.P.	5,640,700	0.48
25. Tentang Emas Sdn Bhd	4,759,750	0.41
26. Scanstell Sdn Bhd	4,056,000	0.35
27. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad	3,989,200	0.34
28. Cartaban Nominees (Asing) Sdn Bhd. - Investors Bank and Trust Company for Ishares, Inc.	3,912,800	0.33
29. Ke-zan Nominees (Tempatan) Sdn Bhd - Kim Eng Securities Pte Ltd for Tan Kim Yeow Sdn Bhd	3,910,000	0.33
30. HSBC Nominees (Asing) Sdn Bhd - Invesco Asia Trust Plc	3,360,000	0.29
<b>TOTAL</b>	<b>839,108,548</b>	<b>71.71</b>

**SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)**

Name	Direct	No. of Shares held		%
		%	Indirect	
1. Gold IS Berhad	309,807,909	26.48	27,000,000	2.31
2. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	121,500,000	10.38	-	-
3. Dato' Tan Chin Nam	9,742,113	0.83	412,390,340	35.24
4. Robert Tan Chung Meng	1,401,893	0.12	398,276,575	34.04
5. Pauline Tan Suat Ming	158,603	0.01	398,276,575	34.04
6. Tony Tan @ Choon Keat	-	-	398,276,575	34.04
7. Tan Chin Nam Sdn Bhd	30,987,544	2.65	381,456,096	32.60
8. Tan Kim Yeow Sdn Bhd	19,359,604	1.65	378,916,971	32.38
9. Wah Seong (Malaya) Trading Co. Sdn Bhd	25,096,858	2.14	352,303,238	30.11

## **ANALYSIS OF SHARE/WARRANT 1999/2004/IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE 2002/2007 HOLDINGS as at 1 April 2004**

Type of securities	: Warrants 1999/2004 ("Warrants")
Voting rights	: One vote per warrant holder on a show of hands or one vote per warrant on a poll in respect of meeting of warrant holders

### **DISTRIBUTION OF WARRANT HOLDINGS**

No. of holders	Holdings	Total holdings	%
138	Less than 100	7,614	0.00
643	100 - 1,000	389,105	0.22
4,672	1,001 - 10,000	15,144,438	8.52
848	10,001 - 100,000	25,428,699	14.30
127	100,001 to less than 5% of issued Warrants	81,341,090	45.74
1	5% and above of issued Warrants	55,518,000	31.22
6,429	<b>TOTAL</b>	<b>177,828,946</b>	<b>100.00</b>

### **THIRTY LARGEST WARRANT HOLDERS**

(without aggregating securities from different securities accounts belonging to the same person)

Name	No. of Warrants	%
1. Gold IS Berhad	55,518,000	31.22
2. IJM Corporation Berhad	7,420,500	4.17
3. HSBC Nominees (Asing) Sdn Bhd - MSCOIL for Rize Consultants Limited	5,500,000	3.09
4. HSBC Nominees (Asing) Sdn Bhd - BNY Brussels for JF Asean Fund	3,670,500	2.06
5. Wah Seong (Malaya) Trading Co. Sdn Bhd	3,612,205	2.03
6. HSBC Nominees (Asing) Sdn Bhd - HPBS SG for Kenderlay Ltd	3,543,000	1.99
7. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Khue Yen Lin	3,111,600	1.75
8. Mayban Nominees (Asing) Sdn Bhd - DBS Bank for Timbarra Services Limited	3,097,750	1.74
9. Multistock Sdn Bhd	2,872,900	1.62
10. JF Apex Nominees (Tempatan) Sdn Bhd - Pledged securities account for Lim Soo Ming	2,171,400	1.22
11. Dato' Tan Chin Nam	1,924,125	1.08
12. Citicorp Nominees (Asing) Sdn Bhd - MLPFS for Arnold Tin Chee	1,800,000	1.01
13. Tan Kim Yeow Sdn Bhd	1,753,500	0.99
14. HSBC Nominees (Asing) Sdn Bhd - HSBCT HK for JF Malaysia Fund	1,644,000	0.92
15. DB (Malaysia) Nominee (Asing) Sdn Bhd - UBS AG Singapore for JKC & Partners Corporation	1,250,000	0.70
16. SLW Sdn Bhd	1,180,936	0.66

## ANALYSIS OF SHARE/WARRANT 1999/2004/IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE 2002/2007 HOLDINGS as at 1 April 2004

### THIRTY LARGEST WARRANT HOLDERS (CONT'D)

(without aggregating securities from different securities accounts belonging to the same person)

Name	No. of Warrants	%
17. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged securities account for Susy Ding	1,083,000	0.61
18. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Yong Poh Kon	1,050,000	0.59
19. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Prudential Dana Al-Ilham	1,045,000	0.59
20. Citicorp Nominees (Tempatan) Sdn Bhd - CMS Dresdner Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd	1,000,000	0.56
21. HSBC Nominees (Asing) Sdn Bhd - MSCO NY for Tiedemann Global Emerging Markets L.P.	961,600	0.54
22. Thong & Kay Hian Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for Chuah Chee Leng Gerald	920,000	0.52
23. Ong Siew Kin	907,000	0.51
24. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Loh Wee Hian	850,000	0.48
25. Goh Sin Liong	805,000	0.45
26. Wah Seong Enterprises Sdn Bhd	768,421	0.43
27. Tentang Emas Sdn Bhd	707,250	0.40
28. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Foong Choong Heng	700,000	0.39
29. Low Chu Mooi	664,500	0.37
30. Mayban Nominees (Tempatan) Sdn Bhd - Pledged securities account for Chung Teik Keong	627,100	0.35
<b>TOTAL</b>	<b>112,159,287</b>	<b>63.07</b>

Type of securities	:	Irredeemable Convertible Preference Shares 2002/2007 of RM1.00 each ('ICPS')
Voting rights	:	One vote per ICPS holder on a show of hands or one vote per ICPS on a poll in respect of meeting of ICPS holders

### DISTRIBUTION OF ICPS HOLDINGS

No. of holders	Holdings	Total holdings	%
4	Less than 100	201	0.00
3,159	100 - 1,000	2,142,124	1.20
1,278	1,001 - 10,000	4,222,711	2.37
173	10,001 - 100,000	5,380,923	3.01
62	100,001 to less than 5% of issued ICPS	58,096,800	32.56
6	5% and above of issued ICPS	108,602,077	60.86
4,682	<b>TOTAL</b>	<b>178,444,836</b>	<b>100.00</b>

**ANALYSIS OF SHARE/WARRANT 1999/2004/IRREDEEMABLE  
CONVERTIBLE PREFERENCE SHARE 2002/2007 HOLDINGS  
as at 1 April 2004**

**THIRTY LARGEST ICPS HOLDERS**

(without aggregating securities from different securities accounts belonging to the same person)

Name	No. of ICPS	%
1. Tan Chin Nam Sdn Bhd	25,076,369	14.05
2. Permodalan Nasional Berhad	20,964,500	11.75
3. UOBM Nominees (Asing) Sdn Bhd - United Overseas Bank Nominees (H.K.) Limited for HK 28 Limited	19,332,455	10.83
4. Gold IS Berhad	18,128,421	10.16
5. Wah Seong (Malaya) Trading Co. Sdn Bhd	12,893,228	7.23
6. Tan Kim Yeow Sdn Bhd	12,207,104	6.84
7. SLW Sdn Bhd	7,511,800	4.21
8. HSBC Nominees (Asing) Sdn Bhd - HPBS SG for Kenderlay Ltd	6,262,000	3.51
9. Mayban Nominees (Asing) Sdn Bhd - DBS Bank for Timbarra Services Limited	3,044,000	1.71
10. Insas Plaza Sdn Bhd	3,020,100	1.69
11. Wah Seong Enterprises Sdn Bhd	2,823,535	1.58
12. AMMB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd	2,750,000	1.54
13. BBL Nominees (Tempatan) Sdn Bhd - Pledged securities account for Dato' Tan Chin Nam	2,735,188	1.53
14. Dato' Tan Chin Nam	2,170,500	1.22
15. Employees Provident Fund Board	1,736,700	0.97
16. Malaysian National Reinsurance Berhad	1,632,000	0.91
17. Tentang Emas Sdn Bhd	1,223,500	0.69
18. Scanstell Sdn Bhd	1,164,000	0.65
19. BBL Nominees (Tempatan) Sdn Bhd - Pledged securities account for Tan Chin Nam Sdn Bhd	1,150,000	0.64
20. BBL Nominees (Tempatan) Sdn Bhd - Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd	1,000,000	0.56
21. Ke-zan Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte Ltd for S P I Pte Ltd	966,500	0.54
22. Dasar Mutiara (M) Sdn Bhd	965,793	0.54
23. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad for Balanced Returns Fund	954,800	0.54
24. Wah Seong Enterprises Sdn Bhd	951,500	0.53
25. Mayban Nominees (Tempatan) Sdn Bhd - Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd	900,000	0.50
26. Pauline Tan Suat Ming	846,316	0.47
27. Tan Boon Lee	834,328	0.47
28. Tan Lei Cheng	752,953	0.42
29. Multistock Sdn Bhd	729,100	0.41
30. Derek Homes Sdn Bhd	681,000	0.38
<b>TOTAL</b>	<b>155,407,690</b>	<b>87.09</b>



## **LIST OF** PROPERTIES

**LIST OF PROPERTIES** held by IGB Corporation Berhad Group as at 31 December 2003

Location	Tenure	Year Lease Expiring	Age of Building (Years)	Titled Hectareage	Description/ Existing use	Date of Acquisition/ Revaluation*	Net Book Value RM'000
<b><i>Commercial Properties</i></b>							
No. 6 Jalan Kampar 50400 Kuala Lumpur	Freehold	-	20	1.99	25-storey office building known as Plaza Permata	31-1-2002	37,349
P.T. 1 Sec 44 Kuala Lumpur	Leasehold	2073	-	0.30	Land for future development	31-1-2002	7,632
Mid Valley City Lingkar Syed Putra Kuala Lumpur	-	-	4	-	629-room Business Class Hotel known as Cititel Mid Valley	31-1-2002	50,035
Mid Valley City Lingkar Syed Putra Kuala Lumpur	-	-	4	1.97	17-levels office building known as Menara IGB	31-1-2002	44,088
Lot Nos. 3577 to 3580, 3588, 3590, 3592, 3593, 3599 to 3604, 3726, 3727, 3740, 3594, 3741, 3744 to 3748, 3760, 3761, 3939, 3731, 3566, 354 & 355 Mukim Lumut, Pangkor Island	Freehold	-	18	45.14	250-room hotel known as "Pangkor Island Beach Resort"	31-1-2002	91,426
Lot Nos. 34, 19, 21, 23 & 25, 3978, 24, 25, 26, 2377, 37 & 38 Kuala Lumpur	Freehold	-	-	3.19	Part of land currently under development at Mid Valley City		
Lot Nos. 40 & 302 Kuala Lumpur	Leasehold	2085	-	15.53	Part of land currently under development at Mid Valley City		
Lot No. 200 Kuala Lumpur	Leasehold	2024	-	0.30	Part of land currently under development at Mid Valley City		
Lot Nos. PT10, PT9, PT20, PT 46, PT45, PT43, PT44 Kuala Lumpur	Leasehold	2099	-	0.85	Part of land currently under development at Mid Valley City		
A. The above 19.87 hectares of land in Mid Valley City is being developed into the following :							
					Gross built-up Area (sf)		
i) Development rights for 5 office towers with built up area of (1.11m sf)					1,106,498		
ii) Parcel 2 vacant commercial land for future development (5.05m sf)					5,052,501		
iii) Parcel 3 vacant commercial land for future development (1.68m sf)					1,685,714		251,523,684
iv) Parcel 4 vacant land for residential development (1.37m sf)					1,374,993		
B. Mid Valley Megamall					5,422,606		1,480,000,000
C. Unsold Signature Office					2,024		343,425
							<b>1,731,867,109</b>

**LIST OF PROPERTIES** held by IGB Corporation Berhad Group as at 31 December 2003

(CONT'D)

Location	Tenure	Year Lease Expiring	Age of Building (Years)	Titled Hectareage	Description/ Existing use	Date of Acquisition/ Revaluation*	Net Book Value RM'000
Micasa Hotel Apartments 386 Jalan Tun Razak Kuala Lumpur	Freehold	-	14	1.39	245-room hotel apartments	31-1-2002	100,000
Menara Tan & Tan 207 Jalan Tun Razak Kuala Lumpur	Freehold	-	10	0.45	Office building of 350,000 sq ft lettable area	31-1-2002	95,469
Stanford Hotel Jalan Tuanku Abdul Rahman Kuala Lumpur	Freehold	-	10	0.11	145-room 3-star hotel with 4-level shopping podium of 41,338 sq ft lettable area	31-1-2002	33,000
MiCasa Hotel Apartments 17 Kaba Aye Pagoda Road Yangon	30 years leasehold	2026	4	0.78	143-units 6-storey hotel apartment, with hotel facilities and offices	31-1-2002	43,803
<b><i>Residential Properties</i></b>							
PN 1765 Lot 123 Sec 44 Kuala Lumpur	Leasehold	2074	-	0.40	Land for future development	31-1-2002	18,835
Grant 26068 Lot 15 Sec 88A Kuala Lumpur	Freehold	-	-	0.19	Land for future development	31-1-2002	3,817
Grant 27066 Lot 16 Sec 88A Kuala Lumpur	Freehold	-	-	0.19	Land for future development	-31-1-2002	2,573
Grant 45542 Lot 53591 Mukim & District of Kuala Lumpur (formerly known as Lot 4815)	Freehold	-	-	1.42	Land currently under development into 132 units of luxury condominiums	31-1-2002	5,160
CT 16118 Lot No. 40 Sec 88A Kuala Lumpur	Freehold	-	-	0.15	Land for future development	31-1-2002	879
PT 290 Mukim Morib, Selangor	Leasehold	2094	-	8.09	Land for future development	31-1-2002	1,447
Lot Nos. 1529, 1743 & 3484 Mukim Rawang, Selangor	Freehold	-	-	25.54	Land for future development	31-1-2002	1,491
6 Jalan Stonor Kuala Lumpur	Freehold	-	44	0.58	Land for future development	31-1-2002	9,139
3 Lorong Stonor Kuala Lumpur	Freehold	-	34	0.32	Bungalow	31-1-2002	4,053
15 & 17 Jalan Damai Kuala Lumpur	Freehold	-	-	1.28	Residential development	31-1-2002	2,413
31 & 33 Jalan Damai Kuala Lumpur	Freehold	-	34	0.22	Residential development	31-1-2002	4,591

**LIST OF PROPERTIES** held by IGB Corporation Berhad Group as at 31 December 2003

(CONT'D)

Location	Tenure	Year Lease Expiring	Age of Building (Years)	Titled Hectareage	Description/ Existing use	Date of Acquisition/ Revaluation*	Net Book Value RM'000
1 Lorong Damai Kiri 13 Kuala Lumpur	Freehold	-	34	0.21	Bungalow	31-1-2002	1,485
Lots 760, 4006 & 4104 Mukim of Kuala Lumpur Wilayah Persekutuan (Kenny Vale)	Freehold	-	-	1.80	Residential development	31-1-2002	17,090
Lots 7190 & 7191 Mukim of Petaling Selangor (Bukit Belimbing)	Freehold	-	-	6.78	Residential development	31-1-2002	23,657
PT 164 HS(D) 183870 & PT165 HS(D) 183871 Mukim of Damansara Selangor (Shah Alam)	Freehold	-	-	7.58	Mixed development	31-1-2002	8,478
20, 20A, 20B & 20C Jalan Ampang Hilir Kuala Lumpur	Freehold	-	19	0.41	Linked houses	31-1-2002	9,232
85 Jalan Ampang Hilir Kuala Lumpur	Freehold	-	24	0.22	Bungalow	31-1-2002	4,330
Lots 1054, 1384,4068 and part of lots 1059 and the adjoining lots 429 and 4068 along Jalan Jelatek Mukim Hulu Klang, Daerah Gombak, Selangor	Freehold	-	-	6.56	Mixed development	31-1-2002	86,802
PT 61 Mukim of Tanah Rata Cameron Highlands	Leasehold	2074	-	0.81	Land for future development	31-1-2002	505
PT 899K Mukim of Chendering District of Kuala Terengganu	Freehold	-	-	4.23	Beach frontage land for future development	31-1-2002	4,212
Lot 704 Mukim Si Rusa Port Dickson	Freehold	-	-	1.62	Beach frontage land for future development	31-1-2002	1,013
Lot 1025 Mukim Si Rusa District of Port Dickson	Freehold	-	-	1.03	Beach frontage land for future development	31-1-2002	915
Lots 378 & 1611 Mukim Ulu Klang District of Gombak	Freehold	-	-	10.46	Land for development	31-1-2002	39,043
HSD 19460 PT4609 HSD 19461 PT4610, HSD 10462 PT4611 Taman Melawati, Mukim Setapak, Daerah Gombak, Selangor	Freehold	-	-	15.27	Residential development	31-1-2002	28,681



**LIST OF PROPERTIES** held by IGB Corporation Berhad Group as at 31 December 2003

(CONT'D)

Location	Tenure	Year Lease Expiring	Age of Building (Years)	Titled Hectareage	Description/ Existing use	Date of Acquisition/ Revaluation*	Net Book Value RM'000
PN 20219 Lot 26413 Mukim Setapak, District of Kuala Lumpur PN 11201 Lot 3538 Mukim of Ulu Kelang, District of Kuala Lumpur	Leasehold	2089 & 2090		52.48	Residential development	6-3-2003	2,843
PT 1865 Mukim Ampang Daerah Wilayah Persekutuan	Leasehold	2085	-	1.49	Land for development	31-1-2002	39,070
Lot 15256 Mukim of Labu, District of Seremban, Negeri Sembilan (JV with Koperasi Peneroka -Peneroka Rancangan Felcra Sendayan Labu Berhad)	Freehold	-	-	344.0	Approved mixed development for residential and commercial use	31-1-2002	135,732
<b><i>Apartments</i></b>							
Desa Kudalari 3 Lorong Kuda Kuala Lumpur	Freehold	-	23	-	2 condominium units	31-1-2002	718
Seri Bulan Port Dickson	Freehold	-	8	-	2 apartment units	31-1-2002	296
Desa U-Thant 14 Jalan Taman U-Thant Kuala Lumpur	Freehold	-	14	-	7 condominiums units	31-1-2002	8,631
A208 First Floor Tanjung Biru Condominium Port Dickson, Port Dickson	Freehold	-	22	0.01	1 apartment unit	31-1-2002	365
<b><i>Agricultural Properties</i></b>							
Bentong Hills Mukim of Tras District of Raub, Pahang	Freehold	-	-	266.43	Approved mixed development for orchard and commercial use	31-1-2002	5,259
Lot 365 Mukim of Pasir Panjang District of Port Dickson	Freehold	-	-	3.58	Land for future development	31-1-2002	920
Lots L.O. 1218-60, 153, 154, 1217-60, 156-160 Mukim of Tras District of Raub, Pahang	Freehold	-	-	32.78	Land for future development	31-1-2002	913

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**5 YEARS** GROUP FINANCIAL HIGHLIGHTS

## 5 YEARS GROUP FINANCIAL HIGHLIGHTS

		1999	2000	2001	2002	2003
REVENUE	RM '000	131,068	312,505	199,880	405,689	532,166
PROFIT BEFORE TAXATION	RM '000	32,309	45,951	61,926	114,493	184,358
EARNINGS FOR THE YEAR	RM '000	39,639	16,185	47,815	67,685	147,533
ISSUED SHARE CAPITAL (RM0.50)	RM '000	296,397	296,977	296,995	572,074	581,805
SHAREHOLDERS' FUNDS *	RM '000	1,250,084	1,261,051	1,292,944	1,941,821	2,098,803
TOTAL ASSETS	RM '000	2,244,467	2,072,933	2,101,911	3,262,457	3,228,158
EARNINGS PER SHARE (Basic) *	sen	4.1	1.7	4.9	6.2	12.9
NET TANGIBLE ASSETS PER SHARE	RM	2.1	2.1	2.1	1.7	1.8
GROSS DIVIDENDS PER SHARE	sen	1.0	2.5	2.5	1.5	5.0
DIVIDEND RATE	%	2.0	5.0	5.0	3.0	10.0

\* Comparative earnings for the year and shareholders' funds have been restated to comply with the requirements of MASB 25 as disclosed in note 34 to the financial statements.



# **REPORT AND FINANCIAL STATEMENTS**

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Mid Valley Megamall

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## **DIRECTORS' REPORT** for the financial year ended 31 December 2003

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2003.

### **Principal activities and corporate information**

The principal activities of the Company during the financial year are those of investment holding and property development. The principal activities of the Group mainly consist of property development, property investment, property holding and property management, hotel operation, construction and investment holding. There have been no significant changes in the nature of these activities during the financial year.

The number of employees at the end of the financial year amounted to 1678 (2002: 1666) employees in the Group and 149 (2002: 127) employees in the Company.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia.

The address of the registered office of the Company is as follows:

Penthouse, Menara IGB  
No. 1, The Boulevard, Mid Valley City  
Lingkaran Syed Putra, 59200 Kuala Lumpur

### **Financial results**

	<b>Group RM '000</b>	<b>Company RM '000</b>
Profit after taxation	142,716	45,605
Minority interests	4,817	0
Net profit for the financial year	<u>147,533</u>	<u>45,605</u>

### **Dividends**

Dividends paid, declared or proposed since the end of the Company's previous financial year are as follows:

	<b>RM '000</b>
(a) In respect of the financial year ended 31 December 2002, as shown in the Directors' report of that financial year, a final dividend of 3% less tax at 28% paid on 15 July 2003.	<u>12,357</u>
(b) In respect of the financial year ended 31 December 2003, an ICPS 2002/2007 dividend of 1% less tax at 28% paid on 30 June 2003.	<u>1,285</u>
(c) In respect of the financial year ended 31 December 2003, an interim dividend of 5% less tax at 28% paid on 12 January 2004.	<u>20,944</u>
(d) In respect of the financial year ended 31 December 2003, a proposed final dividend of 3% less tax at 28% and 2% tax exempt which, subject to the approval of members at the forthcoming Annual General Meeting of the Company on 30 May 2004, will be paid on 30 July 2004 to shareholders registered on the Company's Register of Members at the close of business on 30 June 2004.	<u>24,203</u>



## **DIRECTORS' REPORT** for the financial year ended 31 December 2003 (cont'd)

### **Reserves and provisions**

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

### **Issue of shares**

#### **(a) Ordinary shares of RM0.50 each ('IGB shares')**

During the financial year, the Company's issued and fully paid-up share capital was increased from RM572,074,018.50 to RM581,805,518.50 by way of an issue of 19,463,000 new IGB Shares for cash on the exercise of options pursuant to the IGB Group Employee Share Option Scheme 2003 at an issue price of RM0.93 each.

The newly issued shares rank pari passu in all respects with the existing issued shares of the Company except that they are not entitled to any dividends, rights, allotments and/or other distributions unless the allotment of the new IGB Shares is made on or prior to the entitlement date of such dividends, rights, allotments and/or other distributions.

#### **(b) IGB Group Employee Share Option Scheme 2003 ('ESOS')**

On 15 August 2003, the Company granted 40,742,000 new ESOS to eligible employees at an exercise price of RM0.93 per share.

The main features of the ESOS are set out in note 11 to the financial statements.

The movements during the financial year in the number of options over the shares of the Company are as follows:

	<b>Number of Options</b>
At 1 January 2003	0
Granted	40,742,000
Exercised	(19,463,000)
Lapsed	(408,000)
At 31 December 2003	<u>20,871,000</u>

The Company has been granted exemption by the Companies Commission of Malaysia vide their letter dated 28 February 2004 from having to disclose the list of option holders and their holdings pursuant to Section 169 (11) of the Companies Act, 1965 except for information of employees who were granted 500,000 options and above.

Other than the Directors' options disclosed under the Directors' interest below, the list of employees of the Company and its subsidiaries who were granted 500,000 options and above under the ESOS is as follows:

## **DIRECTORS' REPORT** for the financial year ended 31 December 2003 (cont'd)

### (b) IGB Group Employee Share Option Scheme 2003 ('ESOS')(cont'd)

<u>Name</u>	<b>No. of options granted</b>
Lai Meng	1,000,000
Tan Boon Gark	1,000,000
Tan Eng Wah	1,000,000
Anuar Phauzi bin Abdullah @ Antony Patrick Barragry	500,000
Lau Soon Woh	500,000
Teh Boon Ghee	500,000
Cheah Wing Choong	500,000
Teh Ah Bee	500,000
Timothy Liew Thau Ee	500,000
Chai Lai Sim	500,000
Dato' Lim Hock Kheng	500,000
Chong Chin Chin	500,000
Chong Kim Chuan @ Chong Leong Cheng	500,000
Shahrin Chin bin Abdullah	500,000

### **Directors**

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

Tan Sri Abu Talib bin Othman	
Robert Tan Chung Meng	
Tan Boon Seng	
Dato' Seri Khalid Ahmad bin Sulaiman	
Datuk Dr. Abdul Samad bin Haji Alias	
Tan Boon Lee	(appointed on 10 June 2003)
Tan Lei Cheng	(appointed on 10 June 2003)
Pauline Tan Suat Ming	(appointed on 10 June 2003)
Abdul Habib bin Mansur	(appointed on 13 June 2003)
Tony Tan @ Choon Keat	(appointed on 15 July 2003)
Tan Kai Seng	(appointed on 15 July 2003)
Dato' Haji Megat Muhaiyadin bin Megat Hassan	(appointed on 19 September 2003)
Tan Boon Gark	(resigned on 30 May 2003)
Lai Meng	(resigned on 30 May 2003)
Osman bin Haji Ismail	(resigned on 12 September 2003)
Chua Seng Yong (alternate to Robert Tan Chung Meng)	

Dr. Abdul Samad bin Haji Alias, the Director retiring pursuant to Article 85 of the Company's Articles of Association, has expressed his wish not to stand for re-election at the forthcoming Annual General Meeting.

In accordance with Article 85 of the Company's Articles of Association, Tan Boon Seng retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

## **DIRECTORS' REPORT** for the financial year ended 31 December 2003 (cont'd)

### **Directors' interests**

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares, Warrants 1999/2004, ICPS 2002/2007 and share options in the Company are as follows:

<b>In the Company</b>	<b>Number of Ordinary Shares of RM0.50 each</b>			
	<b>1 January / Date of appointment</b>	<b>Addition</b>	<b>Disposal</b>	<b>31 December</b>
Tan Sri Abu Talib bin Othman				
Direct	250,000	0	0	<b>250,000</b>
Robert Tan Chung Meng				
Direct	1,401,893	0	0	<b>1,401,893</b>
Indirect	433,174,400	5,202,800	40,100,625	<b>398,276,575</b>
Tan Boon Seng				
Direct	352,110	0	0	<b>352,110</b>
Tan Boon Lee				
Direct	844,328	200,000	0	<b>1,044,328</b>
Dato' Seri Khalid Ahmad bin Sulaiman				
Direct	320,181	0	0	<b>320,181</b>
Indirect	187,875	0	0	<b>187,875</b>
Tan Lei Cheng				
Direct	835,953	40,000	0	<b>875,953</b>
Indirect	0	965,793	0	<b>965,793</b>
Chua Seng Yong				
Direct	232	500,000	50,000	<b>450,232</b>
Pauline Tan Suat Ming				
Direct	158,603	0	0	<b>158,603</b>
Indirect	437,261,400	1,115,800	40,100,625	<b>398,276,575</b>
Tony Tan @ Choon Keat				
Indirect	437,261,400	1,115,800	40,100,625	<b>398,276,575</b>
Tan Kai Seng				
Direct	47,000	0	0	<b>47,000</b>

<b>In the Company</b>	<b>Number of Warrants 1999/2004</b>			
	<b>1 January / Date of appointment</b>	<b>Addition</b>	<b>Disposal/ Exercised</b>	<b>31 December</b>
Robert Tan Chung Meng				
Direct	234,000	0	0	<b>234,000</b>
Indirect	78,519,237	460,000	8,750,625	<b>70,228,612</b>
Tan Lei Cheng				
Direct	57,000	0	0	<b>57,000</b>
Pauline Tan Suat Ming				
Direct	83,437	0	0	<b>83,437</b>
Indirect	78,979,237	0	8,750,625	<b>70,228,612</b>
Tony Tan @ Choon Keat				
Indirect	78,979,237	0	8,750,625	<b>70,228,612</b>
Tan Kai Seng				
Direct	42,000	0	0	<b>42,000</b>

## **DIRECTORS' REPORT** for the financial year ended 31 December 2003 (cont'd)

### Directors' interests (cont'd)

<u>In the Company</u>	Number of ICPS 2002/2007			
	1 January / Date of appointment	Addition	Disposal	31 December
Tan Sri Abu Talib bin Othman				
Direct	250,000	0	0	250,000
Robert Tan Chung Meng				
Direct	372,893	0	0	372,893
Indirect	55,197,288	1,051,000	0	56,248,288
Tan Boon Seng				
Direct	352,110	0	0	352,110
Dato' Seri Khalid Ahmad bin Sulaiman				
Direct	320,181	0	0	320,181
Chua Seng Yong				
Direct	232	0	0	232
Tan Boon Lee				
Direct	888,328	0	0	888,328
Tan Lei Cheng				
Direct	772,953	0	0	772,953
Indirect	0	965,793	0	965,793
Pauline Tan Suat Ming				
Direct	87,416	758,900	0	846,316
Indirect	55,593,288	655,000	0	56,248,288
Tony Tan @ Choon Keat				
Indirect	55,593,288	655,000	0	56,248,288
Tan Kai Seng				
Direct	5,000	0	0	5,000

<u>In the Company</u>	Number of options (ESOS) over ordinary shares of RM0.50 each			
	1 January	Granted	Exercised	31 December
Robert Tan Chung Meng	0	2,000,000	0	2,000,000
Tan Boon Seng	0	1,000,000	0	1,000,000
Chua Seng Yong	0	500,000	500,000	0

By virtue of Robert Tan Chung Meng's, Pauline Tan Suat Ming's and Tony Tan @ Choon Keat's interests in shares in the Company, they are deemed to have interest in the shares in the subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors holding office at the end of the financial year held any interests in the shares, warrants, ICPS 2002/2007 and share options in the Company or its related corporations during the financial year.

### Directors' benefit

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments paid or payable as disclosed in note 6 to the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in note 32 to the financial statements.

## **DIRECTORS' REPORT** for the financial year ended 31 December 2003 (cont'd)

### **Directors' benefit (cont'd)**

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

### **Statutory information on the financial statements**

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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

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

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

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

In the opinion of the Directors:

- (a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the income statements; and

## **DIRECTORS' REPORT** for the financial year ended 31 December 2003 (cont'd)

### **Statutory information on the financial statements (cont'd)**

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

### **Significant events**

(a) **Disposal of shares and warrants in an associate, IJM Corporation Berhad ('IJM')**

On 25 September 2003, the disposals of IJM shares and warrants were completed and the full proceeds of RM382 million were received on 30 September 2003.

(b) **IGB Group Employee Share Option Scheme 2003 ('ESOS')**

The ESOS was approved by the shareholders on 30 May 2003. On 15 August 2003, a total of 40,742,000 new ordinary shares of RM0.50 each under the ESOS were granted to eligible employees at an exercise price of RM0.93 per share.

(c) **Corporate exercise of Mid Valley City Sdn Bhd ('MVC')**

On 16 October 2003, it was announced to Bursa Malaysia that the Company had on 16 October 2003 signed a tripartite Memorandum of Understanding ('MOU') with Amtek Engineering Ltd ('Amtek') and Kris Components Berhad ('Kris') whereby the Company shall enter into the following conditional sale and purchase agreements:

- (i) a conditional sale and purchase agreement with Amtek for the Company to acquire 32,805,000 ordinary shares of RM1.00 each representing approximately 41.84% equity interest in Kris as at the date of the MOU, from Amtek for a cash consideration of RM91,197,900 or RM2.78 per Kris share ('Proposed Acquisition'); and
- (ii) a conditional sale and purchase agreement with Kris for the Company to sell and/or procure the sale of approximately 99.5% equity interest in MVC to Kris for a disposal consideration to be determined and agreed upon later between the Company and Kris to be satisfied by cash, new Kris shares at an issue price of RM2.50 per share and/or other new securities to be issued by Kris ('Proposed Disposal').

On 12 November 2003, it was announced to Bursa Malaysia that the Company had on 12 November 2003 agreed on the terms of the Proposed Acquisition and the Proposed Disposal and had on the same date entered into the following conditional sale and purchase agreements:

- (i) a conditional sale and purchase agreement with Amtek for the Company to acquire 32,805,000 ordinary shares of RM1.00 each representing approximately 41.84% equity interest in Kris as at the date of the MOU, from Amtek for a cash consideration of RM91,197,900 or RM2.78 per Kris share ('Proposed Acquisition');

## **DIRECTORS' REPORT** for the financial year ended 31 December 2003 (cont'd)

### (c) **Corporate exercise of Mid Valley City Sdn Bhd ('MVC') (cont'd)**

- (ii) a conditional sale and purchase agreement with Kris for the Company to sell 289,045,160 ordinary shares of RM1.00 each representing approximately 96.35% equity interest in MVC to Kris for a total consideration of RM992,190,396 to be satisfied by cash of RM98,735,038 and 243,933,623 new Kris shares at an issue price of RM2.50 per share and 2,836,213 new Kris Redeemable Preference Shares of RM0.10 each ('Kris RPS') at an issue price of RM100.00 per Kris RPS; and
- (iii) a conditional sale and purchase agreement with Kris for the Company to sell 9,558,121 ordinary shares of RM1.00 each in MVC representing approximately 3.19% equity interest in MVC to Kris for a total consideration of RM32,809,604 to be satisfied by cash of RM3,264,962 and 8,066,377 new Kris shares at an issue price of RM2.50 per share and 93,787 new Kris RPS at an issue price of RM100.00 per Kris RPS.

The principal conditions precedent to the above Proposals, which are inter-conditional are as follows:

- (i) the approvals of the relevant authorities, including among others, the Securities Commission, Foreign Investment Committee and Ministry of International Trade and Industry, as well as the Bursa Malaysia having been obtained;
- (ii) the approvals from the shareholders of the Company, Kris and Amtek (where applicable) having been obtained;
- (iii) the completion of legal and financial due diligence by the respective parties; and
- (iv) any other relevant approvals or consents having been obtained.

As at the date of this report, all the above conditions precedent have not been met, except for the approval from the Ministry of International Trade and Industry received on 11 March 2004.

### **Auditors**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 April 2004.

**Robert Tan Chung Meng**  
*Managing Director*

**Dato' Seri Khalid Ahmad bin Sulaiman**  
*Director*

Kuala Lumpur

## INCOME STATEMENTS for the financial year ended 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	4	532,166	405,689	25,115	11,239
Cost of sales		(359,069)	(264,074)	(13,904)	(644)
Gross profit		173,097	141,615	11,211	10,595
Other operating income		18,197	27,601	28,859	71,561
Administrative expenses		(64,581)	(61,591)	(17,697)	(13,994)
Other operating expenses		(20,653)	(7,623)	(1,451)	(51,446)
Profit from operations	5	106,060	100,002	20,922	16,716
Finance costs	7	(65,543)	(66,218)	(12,346)	(15,005)
Share of results of associates		64,823	68,448	0	0
Gain from disposal of associates		79,018	12,261	40,686	0
Profit from ordinary activities before tax		184,358	114,493	49,262	1,711
Tax:	8				
- Company and subsidiaries		(30,171)	(23,044)	(3,657)	(12,487)
- Associates		(11,471)	(20,325)	0	0
		(41,642)	(43,369)	(3,657)	(12,487)
Profit/(loss) from ordinary activities after tax		142,716	71,124	45,605	(10,776)
Minority interests		4,817	(3,439)	0	0
Net profit/(loss) for the financial year		147,533	67,685	45,605	(10,776)
Earnings per ordinary share (sen)	9				
- Basic		12.86	6.19		
- Diluted		11.51	5.50		
Dividends per ordinary share (sen)	10	5.00	1.50	5.00	1.50



## BALANCE SHEETS as at 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Capital and reserves</b>					
Share capital	11	581,805	572,074	581,805	572,074
1% Irredeemable Convertible Preference shares	11	178,445	178,445	178,445	178,445
Share premium		402,215	393,846	402,215	393,846
Revaluation and other reserves	12	79,095	53,160	29,258	29,258
Retained earnings	13	857,243	744,296	502,411	491,392
<b>Shareholders' equity</b>		<b>2,098,803</b>	1,941,821	<b>1,694,134</b>	1,665,015
Minority interests		55,377	77,955	0	0
<b>Non current liabilities</b>					
Term loans	14	193,593	349,925	0	49,711
Murabahah Underwritten Notes and Syndicated Fixed Rate Loan	14	180,000	245,000	0	0
Deferred taxation	15	74,533	75,645	1,600	1,600
		448,126	670,570	1,600	51,311
		<b>2,602,306</b>	2,690,346	<b>1,695,734</b>	1,716,326
Represented by:					
<b>Non current assets</b>					
Property, plant and equipment	16	1,266,732	1,302,228	3,401	3,359
Real property assets		166,617	160,224	25,225	38,335
Subsidiaries	17	0	0	992,585	936,723
Associates	18	572,134	833,125	216,841	248,986
Other investments	19	45,981	51,226	3,900	2,900
Deferred taxation	15	4,659	16,725	0	0
		<b>2,056,123</b>	2,363,528	<b>1,241,952</b>	1,230,303
<b>Current assets</b>					
Development properties and expenditure	20	522,886	443,950	0	0
Inventories	21	76,187	58,382	37,348	37,348
Marketable securities	22	12,715	12,715	9,461	9,461
Trade and other receivables	23	144,229	139,026	14,503	20,416
Amounts owing by subsidiaries	24	0	0	893,534	733,941
Amounts owing by associates	25	163,627	142,766	95,999	73,569
Deposits with licensed banks	26	194,846	75,134	71,138	34,018
Cash and bank balances	26	57,545	26,956	615	7,170
		<b>1,172,035</b>	898,929	<b>1,122,598</b>	915,923

## **BALANCE SHEETS** as at 31 December 2003 (cont'd)

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Less: Current liabilities</b>					
Trade and other payables	27	342,084	272,457	76,267	29,687
Amounts owing to subsidiaries	24	0	0	517,936	267,755
Amounts owing to associates	25	69,558	37,787	9,269	9,269
Bank borrowings	14				
- Bank overdrafts		5,795	12,911	887	3,110
- Others		198,868	217,985	59,711	111,349
Tax		9,547	30,971	4,746	8,730
		<b>625,852</b>	572,111	<b>668,816</b>	429,900
<b>Net current assets</b>		<b>546,183</b>	326,818	<b>453,782</b>	486,023
		<b>2,602,306</b>	2,690,346	<b>1,695,734</b>	1,716,326

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** for the financial year ended 31 December 2003

Group	Issued and fully paid ordinary shares of RM0.50 each	Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000	1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable		Retained earnings RM'000	Total RM'000
						Share premium RM'000	Revaluation and other reserves RM'000	Distributable			
<b>At 1 January 2003</b>											
- As previously reported	1,144,148	572,074	178,445	178,445	393,846	55,182	740,631	1,940,178			
- Prior year adjustments	0	0	0	0	0	(2,022)	3,665	1,643			
- As restated	1,144,148	572,074	178,445	178,445	393,846	53,160	744,296	1,941,821			
Net profit	0	0	0	0	0	0	147,533	147,533			
Issue of shares:											
- Employees' share options	19,463	9,731	0	0	8,369	0	0	18,100			
Currency translation differences	0	0	0	0	0	(1,046)	0	(1,046)			
Reserves arising on acquisition of subsidiaries	0	0	0	0	0	26,981	0	26,981			
Net gain not recognised in income statement	0	0	0	0	0	25,935	0	25,935			
Dividends for the financial year ended											
- 31 December 2002	0	0	0	0	0	0	(12,357)	(12,357)			
- 31 December 2003	0	0	0	0	0	0	(22,229)	(22,229)			
<b>At 31 December 2003</b>	<b>1,163,611</b>	<b>581,805</b>	<b>178,445</b>	<b>178,445</b>	<b>402,215</b>	<b>79,095</b>	<b>857,243</b>	<b>2,098,803</b>			

Note

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** for the financial year ended 31 December 2003 (cont'd)

Group	Number of shares '000	Issued and fully paid ordinary shares of RM0.50 each Nominal value RM'000	Number of shares '000	1% Irredeemable Convertible Preference Shares of RM1.00 each Nominal value RM'000	Non-distributable		Distributable		Total RM'000
					Share premium RM'000	Revaluation and other reserves RM'000	Retained earnings RM'000	Total RM'000	
At 1 January 2002	593,989	296,995	0	0	252,622	64,462	666,097	1,280,176	
- As previously reported	0	0	0	0	0	(2,022)	14,790	12,768	
- Prior year adjustments	593,989	296,995	0	0	252,622	62,440	680,887	1,292,944	
- As restated	0	0	0	0	0	0	67,685	67,685	
Net profit									
Issue of shares:									
- Acquisition of Tan & Tan	166,549	83,274	0	0	333,097	0	0	416,371	
- Bonus issue	380,269	190,134	0	0	(190,134)	0	0	0	
- Employees' share options	3,341	1,671	0	0	1,069	0	0	2,740	
Share issue cost	0	0	0	0	(2,808)	0	0	(2,808)	
Issue of 1% Irredeemable Convertible Preference Shares	0	0	178,445	178,445	0	0	0	178,445	
Currency translation differences	0	0	0	0	0	3,313	0	3,313	
Goodwill arising on acquisition of subsidiaries	0	0	0	0	0	(12,593)	0	(12,593)	
Net loss not recognised in income statement	0	0	0	0	0	(9,280)	0	(9,280)	
Dividends for the financial year ended 31 December 2001	0	0	0	0	0	0	(4,276)	(4,276)	
At 31 December 2002	1,144,148	572,074	178,445	178,445	393,846	53,160	744,296	1,941,821	

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**COMPANY STATEMENT OF CHANGES IN EQUITY** for the financial year ended  
31 December 2003 (cont'd)

Company	Note	Issued and fully paid ordinary shares of RM0.50 each		1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable		Distributable		Total
		Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000	RM'000	
<b>At 1 January 2003</b>		1,144,148	572,074	178,445	178,445	393,846	29,258	491,392	1,665,015	
Net profit		0	0	0	0	0	0	45,605	45,605	
Dividends for the financial year ended:	10									
- 31 December 2002		0	0	0	0	0	0	(12,357)	(12,357)	
- 31 December 2003		0	0	0	0	0	0	(22,229)	(22,229)	
Issue of shares:										
- Employees' share options	11	19,463	9,731	0	0	8,369	0	0	0	18,100
<b>At 31 December 2003</b>		<b>1,163,611</b>	<b>581,805</b>	<b>178,445</b>	<b>178,445</b>	<b>402,215</b>	<b>29,258</b>	<b>502,411</b>	<b>1,694,134</b>	

**COMPANY STATEMENT OF CHANGES IN EQUITY** for the financial year ended  
31 December 2003 (cont'd)

Company	Issued and fully paid ordinary shares of RM0.50 each		1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable		Distributable		Total RM'000
	Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000		
At 1 January 2002	593,989	296,995	0	0	252,622	29,258	506,444	1,085,319	
Net loss	0	0	0	0	0	0	(10,776)	(10,776)	
Dividend for the financial year ended 31 December 2001	0	0	0	0	0	0	(4,276)	(4,276)	
Issue of shares:									
- Acquisition of Tan & Tan	166,549	83,274	0	0	333,097	0	0	416,371	
- Bonus issue	380,269	190,134	0	0	(190,134)	0	0	0	
- Employees' share options	3,341	1,671	0	0	1,069	0	0	2,740	
Share issue cost	0	0	0	0	(2,808)	0	0	(2,808)	
Issue of 1% Irredeemable Convertible Preference Shares	0	0	178,445	178,445	0	0	0	178,445	
At 31 December 2002	1,144,148	572,074	178,445	178,445	393,846	29,258	491,392	1,665,015	

## CASH FLOW STATEMENTS for the financial year ended 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Operating activities</b>					
Receipts from customers		487,716	383,692	2,185	2,020
Payments to contractors, suppliers and employees		(400,333)	(305,093)	(43,669)	(30,356)
Cash flow from/(used in) operations		87,383	78,599	(41,484)	(28,336)
Interest paid		(66,059)	(61,916)	(9,351)	(12,917)
Income taxes paid		(25,232)	(8,837)	(1,539)	(2,013)
Net cash (used in)/generated from operating activities		(3,908)	7,846	(52,374)	(43,266)
<b>Investing activities</b>					
Acquisition of subsidiaries	33	(9,272)	(50,000)	(9,272)	(50,000)
Cash acquired from acquisition of subsidiaries	33	11	(1,206)	0	0
Proceeds from sale of shares in an associate		382,381	36,248	69,505	0
Interest received		3,151	5,444	1,647	1,423
Purchase of property, plant and equipment		(18,916)	(6,639)	(582)	(2,046)
Proceeds from sale of property, plant and equipment		454	8,306	76	207
Investment in associates		(398)	(2,140)	(360)	(1,140)
Investment in other investments		(3,004)	0	(1,000)	0
Dividends received from subsidiaries		0	0	569	0
Dividends received from associates		5,312	31,657	4,019	4,410
Dividends received from investments		2,208	654	165	220
Repayments from subsidiaries		0	0	386,703	62,507
Repayments to subsidiaries		0	0	(369,696)	(2,392)
Advances to subsidiaries		0	0	(38,738)	(66,436)
Advances from subsidiaries		0	0	138,459	42,490
Repayments from associates		15,534	8,639	8,187	8,581
Advances to associates		(7,629)	(82)	(7,629)	(52)
Advances from associates		27,400	0	0	0
Repayments to associates		0	(25,222)	0	(1,461)
Net cash generated from/(used in) investing activities		397,232	5,659	182,053	(3,689)

## CASH FLOW STATEMENTS for the financial year ended 31 December 2003 (cont'd)

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Financing activities</b>					
Proceeds from shares issued by the Company	11	18,100	2,740	18,100	2,740
Share issue cost paid		0	(2,808)	0	(2,808)
Repayments of bank borrowings		(300,998)	(144,605)	(101,349)	(50,855)
Receipts of bank borrowings		60,549	95,619	0	35,000
Dividends paid		(13,642)	(10,691)	(13,642)	(10,691)
Fixed deposits held as security for bank guarantee facility		(6,924)	(11,004)	(6,500)	0
Net cash used in financing activities		(242,915)	(70,749)	(103,391)	(26,614)
Foreign currencies exchange difference on opening balances		84	113	0	0
<b>Net increase/(decrease) in cash and cash equivalents during the financial year</b>		<b>150,493</b>	<b>(57,131)</b>	<b>26,288</b>	<b>(73,569)</b>
Cash and cash equivalents at beginning of financial year		78,175	135,306	38,078	111,647
<b>Cash and cash equivalents at end of financial year</b>	26	<b>228,668</b>	<b>78,175</b>	<b>64,366</b>	<b>38,078</b>



## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003

### **1. Principal activities**

The principal activities of the Company during the financial year are those of investment holding and property development. The principal activities of the Group mainly consist of property development, property investment, property holding and property management, hotel operation, construction and investment holding. There have been no significant changes in the nature of these activities during the financial year.

### **2. Summary of significant accounting policies**

The following accounting policies have been used consistently in dealing with items considered material in relation to the financial statements, except for the accounting policy on deferred tax as disclosed in note 2(p) to the financial statements below.

#### **(a) Basis of preparation of the financial statements**

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

The financial statements of the Group and Company comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The new applicable accounting standards adopted in these financial statements are as follows:

- (i) MASB 25 'Income Taxes'
- (ii) MASB 27 'Borrowing Costs'
- (iii) MASB 28 'Discontinuing Operations'
- (iv) MASB 29 'Employee Benefits'

With the exception of MASB 25 (note 34 to the financial statements), there are no changes in accounting policy that affect net profits or shareholders' equity as the Group was already following the recognition and measurement principles in those standards. Comparatives have also been adjusted and extended to conform to changes in presentation due to the requirements of the new applicable accounting standards that have been applied retrospectively.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **(b) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the date of acquisition or up to the date of their disposal. Inter-company transactions are eliminated on consolidation and consolidated financial statements reflect external transactions only. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

### **(c) Goodwill on consolidation**

Goodwill or capital reserve arising on consolidation represents the excess or deficit of purchase price over the fair value of the net assets of subsidiaries at the date of acquisition. Goodwill or capital reserve arising on consolidation is written off against reserves in the year of acquisition.

### **(d) Subsidiaries**

Investments in subsidiaries are stated at cost. An allowance is made when the Directors are of the opinion that there is a permanent diminution in the value of the investments. See accounting policy in note 2(v) to the financial statements on impairment of assets.

### **(e) Associates**

Associates are those enterprises in which a long term equity interest of between 20 to 50 percent is held and where the Group exercises significant influence through management participation.

Investments in associates are stated at cost or valuation. An allowance is made when the Directors are of the opinion that there is a permanent diminution in the value of the investments. See accounting policy in note 2(v) to the financial statements on impairment of assets.

The Group's share of profits less losses of associates is included in the consolidated income statement and the Group's share of post-acquisition retained profits and reserves are added to the cost or valuation of investments in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of associates with the same financial year end as the Company and where the financial year ends are not coterminous, the amounts are taken from the management financial statements made up to the financial year end of the Group. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **(f) Investments**

Investments in quoted and unquoted shares held as long term investments are stated at cost. An allowance is made when the Directors are of the opinion that there is a permanent diminution in value of the investments. Permanent diminution in the value of an investment is recognised as an expense in the financial year in which diminution is identified. See accounting policy in note 2(v) to the financial statements on impairment of assets.

Short term investments in quoted shares are stated at the lower of cost and market value on the aggregate portfolio basis at the balance sheet date. Increases/decreases in the carrying amount are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

### **(g) Property, plant and equipment**

Freehold land is stated at cost or valuation. All other property, plant and equipment except for hotel properties are stated at cost less accumulated depreciation. The valuations are performed by independent professional valuers. Freehold land of the Group has not been revalued since the last revaluation in 1996. The Directors applied the transitional provisions of International Accounting Standards ("IAS") No.16 (Revised) Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board which allows these assets to be stated at their 1996 valuation. Accordingly, these assets have been stated at their last revalued amount.

Financing costs on specific identifiable borrowings used to finance the acquisition of property, plant and equipment are capitalised and carried forward as part of property, plant and equipment. Capitalisation of borrowing costs cease when assets are ready for their intended use.

Hotel properties are stated at Directors' valuation based on independent valuers' reports. Additions subsequent to the date of valuation are stated at cost. It is the Group's policy to appraise the hotel properties once in every five years by independent professional valuers based on their open market values with additional valuations in the intervening years where market conditions indicate that the carrying values on the revalued assets are materially different from the market values. Any surplus or deficit arising therefrom will be dealt with in the Revaluation Surplus Account. A deficit, on individual hotel basis, is set off against the Revaluation Surplus Account only to the extent of a surplus credited from the previous revaluation of the hotel properties and the excess of the deficit is charged to the income statement.

No depreciation is provided for the hotel properties as it is the Group's practice to maintain these properties in such condition that the residual value is so high that depreciation would be insignificant. The related maintenance expenditure is dealt with in the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### (h) Depreciation

Freehold land and capital work-in-progress are not depreciated.

Other lands have not been classified according to their tenure pending finalisation with the relevant authorities. Depreciation has been provided over their estimated useful life of 99 years.

Leasehold land is amortised in equal instalments over the period of the respective leases that range from 30 to 99 years.

Depreciation on other property, plant and equipment is calculated to write-off their cost on a straight line basis over their estimated useful lives of the assets concerned. The annual rates are:

	%
Buildings	2
Plant and machinery	10 - 20
Motor vehicles	20
Office furniture, fittings and equipment	12.5 - 33 1/3

Included in the office furniture, fittings and equipment are operating assets of subsidiaries engaged in the hotel business such as furnishing, linen, crockery and cutlery.

### (i) Real property assets

Real property assets consisting of land held for future development are stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use.

Such assets are transferred to development properties and expenditure when significant development work is to be undertaken and is expected to be completed within the normal operating cycle.

### (j) Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period; the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract.

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

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

## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **(j) Construction contracts (cont'd)**

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on construction contracts under receivables, deposits and prepayments. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on construction contracts under payables.

### **(k) Revenue recognition**

Income from property development is recognised on the percentage of completion method based on units sold, and where the outcome of the development projects can be reliably estimated. Anticipated losses are provided for in full.

Income from construction contracts (including joint venture projects) is recognised on the percentage of completion method in cases where the outcome of the contract can be reliably estimated. In all cases, anticipated losses are provided for in full.

Dividend income from investments is taken up as income when the shareholders' right to receive payment is established.

Hotel revenue is recognised upon delivery of products and customer acceptance, and performance of services, net of sales taxes and discounts.

Management fees, project management fees and rental income are recognised on accrual basis.

Interest income is recognised on accrual basis unless collectibility is in doubt in which case the recognition of such income is suspended.

### **(l) Development properties and expenditure**

Development properties and expenditure are stated at cost and consist of freehold and leasehold land, development expenditure plus attributable profit less progress billings and provision for foreseeable losses.

The related development costs common to the whole project comprise finance charges on borrowings directly related to the financing of development and direct costs of construction. Costs charged to the income statement are in respect of properties sold and comprised proportionate land and development costs. The recognition of property development revenue and expenses is similar to that of construction contracts. See accounting policy in note 2(j) to the financial statements on construction contracts.

Development properties are classified as current assets when significant development work have been undertaken and are expected to be completed within the normal operating cycle.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**(m) Inventories**

All inventories are valued at the lower of cost and net realisable value.

Costs of unsold properties comprise proportionate cost of land and development expenditure.

Costs of hotel operating supplies are determined on a first-in, first-out basis. Allowance is made for all deteriorated, damaged, obsolete or slow-moving inventories.

**(n) Receivables**

Known bad debts are written off and specific allowance is made for any considered to be doubtful of collection.

**(o) Foreign currencies**

The financial statements are presented in Ringgit Malaysia.

Foreign currency transactions are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling on that date. Exchange differences are reflected in the income statement.

Income statements of foreign entities are translated into the Group's reporting currency at average exchange rates for the financial year and balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign subsidiaries and associates are taken to Exchange Fluctuation Reserve in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

The principal closing rates used in translation of foreign currency amounts are as follows:

<u>Foreign currency</u>	<u>2003</u> RM	<u>2002</u> RM
1 US Dollar	<b>3.800</b>	3.800
1 Singapore Dollar	<b>2.232</b>	2.153
1 Sterling Pound	<b>6.756</b>	5.919
1 Hong Kong Dollar	<b>0.489</b>	0.487
1 Australian Dollar	<b>2.845</b>	2.135

**(p) Income taxes**

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiary, associate or joint venture on distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **(p) Income taxes (cont'd)**

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

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

Deferred tax is recognised on temporary differences on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

### **(q) Cash and cash equivalents**

Cash and cash equivalents consists of cash on hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **(r) Financial instruments**

#### **(i) Financial instruments recognised on the balance sheet**

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

#### **(ii) Fair value estimation for disclosure purposes**

The fair value of publicly traded securities except for quoted associates is based on quoted market prices at the balance sheet date.

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **(s) Share capital**

#### **(i) Classification**

Ordinary shares and 1% Irredeemable Cumulative Preference Shares ('ICPS 2002/2007') with automatic conversion on maturity date are classified as equity.

The Group has taken advantage of the transitional provisions of MASB 24 'Financial Instruments: Disclosures and Presentation', which allows financial instruments that contain both a liability and an equity element issued prior to 1 January 2003 to be stated based on predominant component part.

#### **(ii) Share issue cost**

External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

#### **(iii) Dividends**

Dividends on ordinary and preference shares are recognised as liabilities when declared.

### **(t) Borrowings**

#### **(i) Classification**

Borrowings are initially recognised based on the proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

#### **(ii) Capitalisation of borrowings cost**

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Borrowing costs incurred to finance property development activities and construction contracts are accounted for in a similar manner. All other borrowing costs are expensed.

### **(u) Leases**

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

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.



## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **(v) Impairment of assets**

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

### **(w) Employee benefits**

#### **(i) Short term employee benefits**

Wages, salaries, bonuses, paid annual leave and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

#### **(ii) Equity compensation benefits**

Details of the Group's Employees' Share Option Scheme are set out in note 11 to the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to the share capital and share premium.

#### **(iii) Defined contribution plans**

The Group's contribution to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

### **(x) Segment reporting**

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

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

## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **3. Financial Risk Management Objectives and Policies**

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

#### **(i) Foreign currency exchange risk**

The Group operates internationally and is exposed to various currencies. Foreign currency transactions give rise to foreign exchange exposure.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

#### **(ii) Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the Group's borrowings and deposits. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

#### **(iii) Market risk**

The Group faces exposure to the risk from changes in debt and equity prices. However, management regularly reviews these risks and takes proactive measures to mitigate the potential impact of such risks.

For key product purchases, the Group establishes price levels that the Group considers acceptable and enters physical supply agreement, where necessary, to achieve these levels.

#### **(iv) Credit risk**

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

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are dispersed over a broad spectrum of industries and businesses. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, management believe that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**3. Financial Risk Management Objectives and Policies (cont'd)**

**(v) Liquidity and cash flow risk**

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

**4. Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Investment income	<b>3,067</b>	654	<b>6,531</b>	8,916
Rental and rent related income	<b>164,887</b>	138,723	<b>2,304</b>	479
Sale of property	<b>16,280</b>	0	<b>16,280</b>	0
Sale of development properties billed to stages of completion	<b>187,359</b>	124,004	<b>0</b>	1,844
Sale of services	<b>62,565</b>	56,683	<b>0</b>	0
Sale of goods	<b>23,151</b>	22,136	<b>0</b>	0
Construction contract revenue	<b>74,857</b>	63,489	<b>0</b>	0
	<b><u>532,166</u></b>	<u>405,689</u>	<b><u>25,115</u></b>	<u>11,239</u>

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**5. Profit from operations**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Profit from operations is stated after charging:</b>				
Allowance for doubtful debts of:				
- Subsidiaries	0	0	0	48,500
- Trade and other receivables	3,248	187	0	0
Allowance for diminution in value of:				
- Marketable securities	0	1,915	0	1,915
- Unquoted investment	8,249	0	0	0
Auditors' remuneration:				
- Current financial year	445	521	115	115
- Overaccrual in prior year	(55)	0	0	0
Construction contract costs	66,875	53,289	0	0
Depreciation of property, plant and equipment	45,783	41,009	540	540
Hire of plant and equipment	1,481	1,624	0	0
Loss on disposal of property, plant and equipment	471	0	0	0
Office rent	513	482	913	994
Staff cost (includes Directors' remuneration as disclosed in note 6 to the financial statements and exclude Defined contribution retirement plan)	44,334	44,252	8,317	7,473
Defined contribution retirement plan	3,440	3,170	965	876
Unrealised exchange losses	3,379	3	0	0
Write off of property, plant and equipment	646	627	0	0
<b>And crediting:</b>				
Bad debts recovered	164	55	0	0
Dividends received (gross) from:				
- Subsidiaries:				
- Unquoted in Malaysia	0	0	720	2,541
- Associates:				
- Quoted in Malaysia	0	0	5,582	1,996
- Unquoted	0	0	0	4,073
- Quoted investments:				
- In Malaysia	3,067	306	229	306
- Outside Malaysia	0	348	0	0
Interest income				
- Subsidiaries	0	0	25,178	66,866
- Others	3,151	5,444	1,481	1,423
Profit on disposal of property, plant and equipment	241	3,967	76	205
Realised exchange gain	46	3,094	0	2,556
Rental income	142	231	0	0
Write back of allowance for doubtful debts	557	0	0	0
Write back of allowance for diminution in value of other investments	0	2,072	0	0

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**6. Directors' remuneration**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Fees:</b>				
- Directors of the Company	99	114	99	74
- Other Directors	42	76	0	0
<b>Other emoluments:</b>				
- Directors of the Company	1,951	1,988	1,572	1,964
- Other Directors	1,828	924	0	0
<b>Defined contribution retirement plan</b>	<b>348</b>	<b>375</b>	<b>127</b>	<b>222</b>
<b>Benefits-in-kind</b>	<b>78</b>	<b>100</b>	<b>36</b>	<b>63</b>
	<u>4,346</u>	<u>3,577</u>	<u>1,834</u>	<u>2,323</u>

The Directors' remuneration has been included in staff cost as disclosed in note 5 to the financial statements.

Executive Directors of the Company have been granted options under the ESOS on the same terms and conditions as those offered to other employees of the Group (note 11 to the financial statements) are as follow:

At 1 January 2003				<b>Number of Options</b>
Granted				0
Exercised				3,500,000
At 31 December 2003				<u>(500,000)</u>
				<u>3,000,000</u>
				<b>Number of shares issued at 31 December 2003</b>
	<b>Exercise date</b>	<b>Fair value of shares at share issue date RM/share</b>	<b>Exercise price RM/share</b>	
	31.10.2003 - 06.12.2003	1.47 - 1.50	0.93	500,000
				<b>2003 RM'000</b>
Ordinary share capital - at par				250
Share premium				<u>215</u>
Proceeds received on exercise of share options				<u>465</u>
Fair value at exercise date of shares issued				<u>743</u>

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

7. Finance costs

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Finance costs are stated after charging:</b>				
Interest expense on borrowings	<u>62,221</u>	<u>61,552</u>	<u>12,346</u>	<u>13,820</u>

8. Tax

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>In Malaysia</b>					
Income tax - current					
- Company and subsidiaries		(13,637)	(10,147)	(3,657)	(3,757)
- Associates		(10,550)	(17,521)	0	0
Income tax - prior years		(8,913)	(6,599)	0	(8,730)
Deferred taxation	15	<u>(7,572)</u>	<u>(6,262)</u>	<u>0</u>	<u>0</u>
		<u>(40,672)</u>	<u>(40,529)</u>	<u>(3,657)</u>	<u>(12,487)</u>
<b>Outside Malaysia</b>					
Income tax - current					
- Subsidiaries		(49)	(36)	0	0
- Associates		(921)	(2,804)	0	0
		<u>(970)</u>	<u>(2,840)</u>	<u>0</u>	<u>0</u>
		<u>(41,642)</u>	<u>(43,369)</u>	<u>(3,657)</u>	<u>(12,487)</u>

The explanation of the relationship between tax expense and profit from ordinary activities before tax is as follows :

	Group		Company	
	2003 %	2002 %	2003 %	2002 %
<b>Numerical reconciliation between the average effective tax rate and the Malaysian tax rate</b>				
Malaysian tax rate	28	28	28	28
Tax effects of :				
- different tax rates in other countries	(5)	(2)	0	0
- expenses not deductible for tax purposes	12	15	7	314
- income not subject to tax	(18)	(13)	(28)	(122)
- current year's tax losses not recognised	4	6	0	0
- previously unrecognised tax losses	(3)	(2)	0	0
- under accrual in prior years	5	6	0	510
Average effective tax rate	<u>23</u>	<u>38</u>	<u>7</u>	<u>730</u>

Tax savings of the Group during the year due to the recognition of previously unrecognised tax losses amounted to RM1,843,580 (2002: RM2,289,860).

## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### 9. Earnings per ordinary share

#### (a) Basic earnings per ordinary share

Basic earnings per ordinary share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	2003	As restated* 2002
Net profit for the financial year (RM'000)	147,533	67,685
Weighted average number of ordinary shares in issue ('000)	1,146,921	1,093,598
Basic earnings per ordinary share (sen)	<u>12.86</u>	<u>6.19</u>

#### (b) Diluted earnings per ordinary share

In the diluted earnings per ordinary share calculation, the ICPS 2002/2007 is assumed to have been converted into ordinary shares. In respect of warrants and share options, a calculation is done to determine the number of ordinary shares that could have been acquired at market price (determined as the average annual share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding warrants and share options. This calculation serves to determine the 'bonus' element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the period for the warrants and share options calculation.

	2003	As restated* 2002
Net profit for the financial year (RM'000)	147,533	67,685
Incremental earnings for ICPS 2002/2007	<u>1,285</u>	<u>0</u>
	<u>148,818</u>	<u>67,685</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,146,921</u>	1,093,598
Adjustments for ICPS 2002/2007('000)	<u>134,169</u>	134,169
Adjustments for warrants ('000)	<u>9,802</u>	3,344
Adjustments for share options ('000)	<u>2,531</u>	0
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	<u>1,293,423</u>	<u>1,231,111</u>
Diluted earnings per ordinary share (sen)	<u>11.51</u>	<u>5.50</u>

\* The comparatives have been restated to take into account of prior year adjustments as disclosed in note 34 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**10. Dividends**

Dividends declared or proposed in respect of the financial years ended 31 December are as follows:

	Group and Company			
	2003		2002	
	Gross dividend per share Sen	Amount of dividend, net of tax RM'000	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
<b>Ordinary shares</b>				
Interim dividend of 5% less tax at 28% (2002 : Nil)	2.50	20,944	0	0
Proposed final dividend of 3% less tax and 2% tax exempt (2002: final dividend of 3% less tax at 28%)	2.50	24,203	1.50	12,357
	<u>5.00</u>	<u>45,147</u>	<u>1.50</u>	<u>12,357</u>
<b>ICPS 2002/2007</b>				
Final dividend of 1% less tax at 28% (2002 : Nil)	1.00	1,285	0	0
	<u>1.00</u>	<u>1,285</u>	<u>0</u>	<u>0</u>

At the forthcoming Annual General Meeting on 31 May 2004, a final dividend in respect of the financial year ended 31 December 2003 of 3% less tax at 28% and 2% tax exempt amounting to RM24,203,110 will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability in the financial year ending 31 December 2004 when approved by shareholders.

**11. Share capital**

	Group and Company	
	2003 RM'000	2002 RM'000
<b>Ordinary shares of RM0.50 each:</b>		
<b>Authorised</b>		
At 1 January/31 December	<u>1,000,000</u>	<u>1,000,000</u>
<b>1% Irredeemable Convertible Preference Shares 2002/2007 of RM1.00 each:</b>		
<b>Authorised</b>		
At 1 January/31 December	<u>200,000</u>	<u>200,000</u>

**(a) Ordinary shares of RM0.50 each ('IGB shares')**

During the financial year, the Company's issued and fully paid-up share capital was increased from RM572,074,018.50 to RM581,805,518.50 by way of an issue of 19,463,000 new IGB Shares for cash on the exercise of options pursuant to the ESOS at an issue price of RM0.93 each.



## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **11. Share capital (cont'd)**

#### **(a) Ordinary shares of RM0.50 each ('IGB shares') (cont'd)**

The newly issued shares rank pari passu in all respects with the existing issued shares of the Company except that they are not entitled to any dividends, rights, allotments and/or other distributions unless the allotment of the new IGB Shares is made on or prior to the entitlement date of such dividends, rights, allotments and/or other distributions.

#### **(b) 1% Irredeemable Convertible Preference Shares of RM1.00 each ('ICPS 2002/2007')**

The salient terms of the ICPS 2002/2007 are as follows :

- (i) The ICPS 2002/2007 shall be irredeemable;
- (ii) The holders of the ICPS 2002/2007 shall have the right to receive to the extent that there are sufficient net profits after taxation available for distribution for the relevant financial year including retained profits and distributable reserves brought forward as determined by the Directors and in priority to any payment in respect of any other class of shares in the capital of the Company a fixed cumulative preferential dividend at the rate of one per cent per annum (less any tax liability) and such preferential dividend to be payable annually in arrears not later than six months from the relevant financial year end;
- (iii) Each ICPS 2002/2007 holder shall have the right at any time between the hours of 9.00 a.m. and 5.00 p.m. on any Market Day commencing from 18 April 2004 and expiring on 17 April 2007 to convert the whole of the nominal value of the ICPS 2002/2007 held by him or such part thereof as he may specify in the Notice of Conversion into ordinary and fully paid-up IGB Shares at the conversion price of RM1.33 per ordinary IGB Share; and
- (iv) The ICPS 2002/2007 shall, if not converted by 17 April 2007, be automatically converted into new IGB Shares at the Conversion Price of RM1.33 per ordinary IGB Share on 18 April 2007.

#### **(c) Warrants 1999/2004**

On 30 December 1999, there was a Rights Issue of 118,558,714 new IGB shares with 118,558,714 warrants attached at an issue price of RM1.05 for each new IGB shares with one warrant attached on the basis of one new IGB share with one warrant attached for every four existing IGB shares held. Each Warrant carries the right to subscribe for one new ordinary share at the Exercise Price of RM1.50 for a period of five years from the date of issue of the Warrant. Pursuant to the bonus issue of new IGB shares on 18 April 2002, the exercise price and the number of warrants were adjusted from RM1.50 to RM1.00 and from 118,558,214 to 177,837,221 respectively.

The number of unexercised warrants as at 31 December 2003 is 177,837,221 (2002: 177,837,221).

#### **(d) IGB Group Employee Share Option Scheme 2003 ('ESOS')**

On 15 August 2003, the Company granted 40,742,000 new ESOS to eligible employees at an exercise price of RM0.93 per share.

The main features of the ESOS are as follows:

- (i) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee, appointed by the Board of Directors;
- (ii) The total number of new IGB Shares to be offered under the ESOS shall not exceed 10% of the total issued and paid-up share capital of the Company at any point of time during the existence of the ESOS which shall be in force for a period of five years expiring on 14 August 2008;

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**11. Share capital (cont'd)**

**(d) IGB Group Employee Share Option Scheme 2003 ('ESOS') (cont'd)**

- (iii) The number of shares under options or option price or both so far as the option remain unexercised shall be adjusted following any issue of additional shares in the issued share capital of the Company by way of rights issue, capitalisation of profits or reserves or any sub-division and consolidation of the Company's shares;
- (iv) The option price at which the employees are offered to take up shares under the ESOS is the weighted average market price of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia for the five market days preceding the respective dates of offer of the options with an allowance for a discount of not more than 10% therefrom at the ESOS committee's discretion or the par value of the shares of the Company of RM0.50, whichever is higher; and
- (v) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The movements in the number of options over the shares of the Company during the financial year are as follows:

	<b>Number of Options</b>
At 1 January 2003	<b>0</b>
Granted	<b>40,742,000</b>
Exercised	<b>(19,463,000)</b>
Lapsed	<b>(408,000)</b>
At 31 December 2003	<b>20,871,000</b>
	<b>2003</b>
Number of share options vested at balance sheet date	<b>50,000</b>

Details relating to options exercised during the financial year are as follows:

	<b>Fair value of shares at share issue date</b>	<b>Exercise price</b>	<b>Number of shares issued at 31 December 2003</b>
<b>Exercise date</b>	<b>RM/share</b>	<b>RM/share</b>	
31.10.2003 - 06.12.2003	1.47 - 1.50	0.93	19,463,000
			<b>2003</b>
			<b>RM'000</b>
Ordinary share capital - at par			9,731
Share premium			8,369
Proceeds received on exercise of share options			<b>18,100</b>
			<b>28,902</b>
Fair value at exercise date of shares issued			<b>28,902</b>

## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### 12. Revaluation and other reserves

The revaluation and other reserves comprise:

Non-distributable	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Exchange fluctuation reserves		17,519	18,565	0	0
Surplus on revaluation of properties		39,776	39,776	0	0
Surplus on revaluation of investment in an associate		29,258	29,258	29,258	29,258
Capitalisation of revenue reserves in an associate		686	686	0	0
		<u>87,239</u>	<u>88,285</u>	<u>29,258</u>	<u>29,258</u>
Goodwill arising on consolidation		(8,144)	(35,125)	0	0
		<u>79,095</u>	<u>53,160</u>	<u>29,258</u>	<u>29,258</u>
<b>Total revaluation and other reserves:</b>					
<b>At 1 January</b>					
- As previously reported		55,182	64,462	29,258	29,258
- Prior year adjustments	34	(2,022)	(2,022)	0	0
- As restated		53,160	62,440	29,258	29,258
Exchange fluctuation reserves arising in the financial year		(1,046)	3,313	0	0
Reserve/(goodwill) arising on consolidation	33	26,981	(12,593)	0	0
<b>At 31 December</b>		<u>79,095</u>	<u>53,160</u>	<u>29,258</u>	<u>29,258</u>

The non-distributable reserves are not distributable as cash dividends.

### 13. Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM87,561,000 (2002: RM82,576,000) out of its distributable reserves of RM502,411,000 (2002: RM491,392,000) as at 31 December 2003 without incurring any additional tax liabilities. The Company also has tax exempt income as at 31 December 2003 amounting to RM124,700,000 (2002: RM124,700,000) available for distribution as tax exempt dividends to shareholders.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**14. Bank borrowings**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Current</b>				
<b>Unsecured</b>				
Short term loans	30,000	76,095	0	26,000
Bank overdrafts	924	5,628	887	3,110
<b>Secured</b>				
Current portion of term loans	107,368	61,600	49,711	60,349
Short term loans	41,500	80,290	10,000	25,000
Syndicated Fixed Rate Loan	20,000	0	0	0
Bank overdrafts	4,871	7,283	0	0
	<u>204,663</u>	<u>230,896</u>	<u>60,598</u>	<u>114,459</u>
<b>Non-current</b>				
<b>Unsecured</b>				
Term loans	94,330	42,000	0	0
<b>Secured</b>				
Term loans	99,263	307,925	0	49,711
Murabahah Underwritten Notes and Syndicated Fixed Rate Loan	180,000	245,000	0	0
	<u>373,593</u>	<u>594,925</u>	<u>0</u>	<u>49,711</u>
Total repayable	<u>578,256</u>	<u>825,821</u>	<u>60,598</u>	<u>164,170</u>

Currency exposure profile of bank borrowings is as follows:

- US Dollar	21,095	5,500	0	0
- Ringgit Malaysia	557,161	820,321	60,598	164,170
	<u>578,256</u>	<u>825,821</u>	<u>60,598</u>	<u>164,170</u>

The secured term loans, bank overdrafts and short term loans obtained by the Group and Company respectively are secured by way of deposits of securities with market value of not less than the facility amount and fixed registered charges over certain lands and buildings, hotel properties, lands under development properties and inventories of the Group as disclosed in notes 16, 18, 19, 20 and 21 to the financial statements respectively.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

14. Bank borrowings (cont'd)

	Group		Company	
	2003 % per annum	2002 % per annum	2003 % per annum	2002 % per annum
<b>Weighted average effective finance rates at balance sheet date:</b>				
Bank overdrafts	7.33	7.68	7.50	7.29
Short term loans	4.15	4.35	4.27	5.04
Term loans	7.49	8.26	7.50	7.32
Syndicated Fixed Rate Loan	9.50	9.50	0	0
Murabahah Underwritten Notes	0	4.40	0	0

**Group borrowings : maturity and exposure to finance rate risk**

Group	Not later than 1 year RM'000	Later than 1 year and not later than 2 years RM'000	Later than 2 years and not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
	<b>At 31 December 2003</b>				
- Fixed finance rate	69,711	100,000	120,000	20,000	309,711
- Floating finance rate	134,952	32,465	90,757	10,371	268,545
	<u>204,663</u>	<u>132,465</u>	<u>210,757</u>	<u>30,371</u>	<u>578,256</u>
<b>At 31 December 2002</b>					
- Fixed finance rate	40,350	80,211	151,500	60,000	332,061
- Floating finance rate	190,546	76,375	191,839	35,000	493,760
	<u>230,896</u>	<u>156,586</u>	<u>343,339</u>	<u>95,000</u>	<u>825,821</u>

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

14. Bank borrowings (cont'd)

Company borrowings : maturity and exposure to finance rate risk

Company	Not later than 1 year RM'000	Later than 1 year and not later than 2 years RM'000	Later than 2 years and not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
<b>At 31 December 2003</b>					
- Fixed finance rate	49,711	0	0	0	49,711
- Floating finance rate	10,887	0	0	0	10,887
	<u>60,598</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60,598</u>
<b>At 31 December 2002</b>					
- Fixed finance rate	40,350	49,711	0	0	90,061
- Floating finance rate	74,109	0	0	0	74,109
	<u>114,459</u>	<u>49,711</u>	<u>0</u>	<u>0</u>	<u>164,170</u>

**Estimated fair values**

The carrying amounts of bank overdrafts, revolving credits and term loans with floating finance rates at balance sheet date approximated their fair values. The fair value of other borrowings with fixed finance rate at balance sheet date was as follows :

	Group 2003		Group 2002	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Bank borrowings	<u>309,711</u>	<u>317,434</u>	<u>332,061</u>	<u>349,467</u>

**Murabahah Underwritten Notes and Syndicated Fixed Rate Loan**

A subsidiary has been granted loan facilities by financial institutions for purpose of financing the construction of Phase 1 of Mid Valley up to a maximum of RM450.0 million comprising two (2) programmes, namely:

- (a) Murabahah Underwritten Notes Issuance Facility ('MUNIF') up to a maximum of RM250.0 million under the Islamic financing contract of Al-Murabahah; and
- (b) Syndicated Fixed Rate Loan ('SFRL') of RM200.0 million.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**14. Bank borrowings (cont'd)**

During the financial year, the mortgage was discharged and the security of the bank facilities was replaced by a bank guarantee to facilitate the re-alienation process of Mid Valley land;

- (b) Corporate Guarantee from the Company and subordination of all shareholders' loan to the subsidiary;
- (c) Debenture over the assets of the subsidiary; and
- (d) Legal assignments of:
  - (i) all sales and purchases and tenancy agreements, the contractors' performance bonds and insurance contracts;
  - (ii) Mid Valley project account; and
  - (iii) the subsidiary's rights on building contracts, design and drawings of Mid Valley.

The MUNIF has been repaid and cancelled during the financial year. As at 31 December 2003, the amount drawn down of RM200 million (2002: RM200 million) for purpose of financing the construction of Phase 1 of Mid Valley from SFRL facilities is repayable by ten (10) half-yearly instalments of RM20 million each, commencing at the beginning of the seventh year from the first drawn down on 16 March 1998.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**15. Deferred taxation**

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deferred tax assets	4,659	16,725	0	0
Deferred tax liabilities:				
- subject to income tax	(53,886)	(54,998)	(1,600)	(1,600)
- subject to capital gains tax	(20,647)	(20,647)	0	0
	<u>(74,533)</u>	<u>(75,645)</u>	<u>(1,600)</u>	<u>(1,600)</u>
At 31 December	<u>(69,874)</u>	<u>(58,920)</u>	<u>(1,600)</u>	<u>(1,600)</u>

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At 1 January					
- As previously reported		(60,563)	(1,617)	(1,600)	(1,600)
- Prior year adjustments	34	1,643	12,768	0	0
- As restated		(58,920)	11,151	(1,600)	(1,600)
Charged/(credited) to income statement:	8				
- property, plant and equipment		(5,015)	(10,500)	0	0
- tax losses		(2,395)	4,543	0	0
- others		(162)	(305)	0	0
		<u>(7,572)</u>	<u>(6,262)</u>	<u>0</u>	<u>0</u>
Arising from acquisition of subsidiary		<u>(3,382)</u>	<u>(63,809)</u>	<u>0</u>	<u>0</u>
At 31 December		<u>(69,874)</u>	<u>(58,920)</u>	<u>(1,600)</u>	<u>(1,600)</u>



**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

15. Deferred taxation (cont'd)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Subject to income tax</b>				
Deferred tax assets (before offsetting)				
Tax losses	26,013	28,408	0	0
Others	617	779	0	0
	<u>26,630</u>	<u>29,187</u>	<u>0</u>	<u>0</u>
Offsetting	(21,971)	(12,462)	0	0
Deferred tax assets (after offsetting)	<u>4,659</u>	<u>16,725</u>	<u>0</u>	<u>0</u>
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(44,193)	(30,731)	(1,600)	(1,600)
Development property expenditure	(30,674)	(35,739)	0	0
Real property assets	(990)	(990)	0	0
	<u>(75,857)</u>	<u>(67,460)</u>	<u>(1,600)</u>	<u>(1,600)</u>
Offsetting	21,971	12,462	0	0
Deferred tax liabilities (after offsetting)	<u>(53,886)</u>	<u>(54,998)</u>	<u>(1,600)</u>	<u>(1,600)</u>
<b>Subject to capital gains tax</b>				
Deferred tax liabilities				
Hotel properties	(19,722)	(19,722)	0	0
Others	(925)	(925)	0	0
	<u>(20,647)</u>	<u>(20,647)</u>	<u>0</u>	<u>0</u>

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet are as follows :

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deductible temporary differences	211	227	0	0
Tax losses	<u>45,553</u>	<u>40,125</u>	<u>0</u>	<u>0</u>

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

16. Property, plant and equipment	Group	Freehold land RM '000	Leasehold land RM '000	Other lands RM '000	Buildings RM '000	Hotel properties RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Office furniture, fittings and equipment RM '000	Capital work-in-progress RM '000	Total RM '000
	At 1 January	163,808	7,514	48,253	619,349	158,733	213,627	5,730	63,160	81,140	1,361,314
	At cost	26,999	0	0	0	64,427	0	0	0	0	91,426
	At valuation	0	0	0	0	124	1,061	528	6,387	10,816	18,916
	Additions arising from acquisition of subsidiary	0	0	67,061	0	0	0	0	0	0	67,061
	Reclassification	0	0	0	0	0	(4,920)	0	4,920	0	0
	Reclassification to development properties (note 20 to the financial statements)	(4,373)	0	0	0	0	0	0	0	(69,987)	(74,360)
	Write off	0	0	0	0	0	0	(3)	(155)	(592)	(750)
	Disposals	0	0	0	0	0	0	(1,324)	(1,874)	0	(3,198)
	At 31 December	186,434	7,514	115,314	619,349	223,284	209,768	4,931	72,438	21,377	1,460,409
	<b>Accumulated Depreciation</b>										
	At 1 January	0	993	1,413	40,628	0	66,095	4,048	37,335	0	150,512
	Charge for the financial year	0	262	539	15,016	0	21,283	534	8,149	0	45,783
	Write off	0	0	0	0	0	0	(2)	(102)	0	(104)
	Disposals	0	0	0	0	0	0	(1,022)	(1,492)	0	(2,514)
	At 31 December	0	1,255	1,952	55,644	0	87,378	3,558	43,890	0	193,677
	<b>Net Book Value</b>										
	At 31 December 2003	159,435	6,259	113,362	563,705	158,857	122,390	1,373	28,548	21,377	1,175,306
	At cost	26,999	0	0	0	64,427	0	0	0	0	91,426
	At valuation	186,434	6,259	113,362	563,705	223,284	122,390	1,373	28,548	21,377	1,266,732
	<b>Net Book Value</b>										
	At 31 December 2002	163,808	6,521	46,840	578,721	158,733	147,532	1,682	25,825	81,140	1,210,802
	At cost	26,999	0	0	0	64,427	0	0	0	0	91,426
	At valuation	190,807	6,521	46,840	578,721	223,160	147,532	1,682	25,825	81,140	1,302,228

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**16. Property, plant and equipment (cont'd)**

Company	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Office furniture, fittings and equipment RM '000	Total RM '000
<b>2003</b>					
<b>At Cost</b>					
At 1 January	1,932	5,621	890	2,952	11,395
Additions	0	0	0	582	582
Disposals	0	0	(231)	(16)	(247)
At 31 December	<u>1,932</u>	<u>5,621</u>	<u>659</u>	<u>3,518</u>	<u>11,730</u>
<b>Accumulated Depreciation</b>					
At 1 January	270	5,256	688	1,822	8,036
Charge for the financial year	39	65	48	388	540
Disposals	0	0	(231)	(16)	(247)
At 31 December	<u>309</u>	<u>5,321</u>	<u>505</u>	<u>2,194</u>	<u>8,329</u>
<b>Net Book Value</b>					
At 31 December 2003	<u>1,623</u>	<u>300</u>	<u>154</u>	<u>1,324</u>	<u>3,401</u>
At 31 December 2002	<u>1,662</u>	<u>365</u>	<u>202</u>	<u>1,130</u>	<u>3,359</u>

**(a) Valuation**

**(i) Freehold land**

The freehold land of a subsidiary stated at valuation was revalued on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers based on a fair market value basis.

The net book value of freehold land of the Group that would have been included in the financial statements had this not been revalued and carried at cost is RM3,419,000 (2002:RM3,419,000).

**(ii) Hotel properties**

The hotel properties of the Group stated at valuation were last revalued on 1 November 2001 by the Directors based on valuations carried out on a fair market value basis by Elvin Fernandez, member of the Institute of Surveyors, Malaysia, a partner with Khong & Jaafar Sdn Bhd, an independent qualified valuer.

The net book value of hotel properties that would have been included in the financial statements had they not been revalued is at cost of RM50,423,351 (2002:RM50,423,351).

The hotel properties stated at valuation of RM64,427,000 (2002:RM64,427,000) have been charged as security for certain term loan facilities as disclosed in note 14 to the financial statements.

- (b)** Land and buildings, plant and machinery and capital work-in-progress at net book value of RM834,977,000 (2002:RM844,795,000) have been charged as security for certain term loan facilities as disclosed in note 14 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**17. Subsidiaries**

	<b>Company</b>	
	<b>2003</b>	2002
	<b>RM '000</b>	RM '000
Unquoted shares, at cost	<b>995,642</b>	939,780
Allowance for diminution in value	<b>(3,057)</b>	(3,057)
	<b><u>992,585</u></b>	<u>936,723</u>

Details of subsidiaries are set out in note 36 to the financial statements.

**18. Associates**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>RM '000</b>	RM '000	<b>RM '000</b>	RM '000
<b>Quoted, at cost</b>				
Shares				
- In Malaysia	<b>66,239</b>	220,616	<b>38,841</b>	66,531
Warrants				
- In Malaysia	<b>0</b>	4,815	<b>0</b>	4,815
<b>Unquoted shares</b>				
At cost				
- In Malaysia	<b>330,157</b>	329,759	<b>128,000</b>	127,640
- Outside Malaysia	<b>124,643</b>	124,643	<b>0</b>	0
At valuation				
- In Malaysia	<b>50,000</b>	50,000	<b>50,000</b>	50,000
	<b><u>571,039</u></b>	<u>729,833</u>	<b><u>216,841</u></b>	<u>248,986</u>
Group's share of post acquisition reserves and retained earnings less losses	<b>31,066</b>	159,776	<b>0</b>	0
	<b><u>602,105</u></b>	<u>889,609</u>	<b><u>216,841</u></b>	<u>248,986</u>
Allowance for diminution in value	<b>(29,971)</b>	(56,484)	<b>0</b>	0
	<b><u>572,134</u></b>	<u>833,125</u>	<b><u>216,841</u></b>	<u>248,986</u>
Group's share of net assets	<b><u>572,134</u></b>	<u>833,125</u>		
Group's share of contingent liabilities	<b><u>1,745</u></b>	<u>15,091</u>		
<b>Market value of quoted investments</b>				
Shares				
- In Malaysia	<b>69,557</b>	419,685	<b>56,482</b>	112,641
Warrants				
- In Malaysia	<b>0</b>	30,353	<b>0</b>	30,353
	<b><u>69,557</u></b>	<u>450,038</u>	<b><u>56,482</u></b>	<u>142,994</u>

## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### 18. Associates (cont'd)

Investments in associates of the Group at cost of RM66,239,000 (2002: RM220,616,000) and of the Company at cost of RM38,841,000 (2002: RM66,531,000) have been charged as security for certain banking facilities as disclosed in note 14 to the financial statements.

The Group's investment in an associate was revalued by the Directors in 1992 on the basis of its underlying net assets value. The revaluation surplus of RM29,258,000 has been credited to revaluation reserve. Other than this investment, the Company has not adopted a policy of revaluing its investment in associates. The investment at valuation has not been restated to cost as the amount is not material compared with the Group's net assets.

Details of associates are set out in note 37 to the financial statements.

### 19. Other investments

	Group		Company	
	2003 RM '000	2002 RM '000	2003 RM '000	2002 RM '000
<b>At cost</b>				
<b>Quoted shares</b>				
- Outside Malaysia	36,239	36,239	0	0
<b>Unquoted shares</b>				
- In Malaysia	11,788	8,788	3,900	2,900
- Outside Malaysia	46,343	46,339	0	0
	94,370	91,366	3,900	2,900
Allowance for diminution in value	(48,389)	(40,140)	0	0
	45,981	51,226	3,900	2,900
<b>Market value of quoted investments</b>				
- Outside Malaysia	30,147	32,830		

The quoted investments have been charged as security for certain banking facilities as disclosed in note 14 to the financial statements. The market value at balance sheet date of these investments approximated their fair value.

### 20. Development properties and expenditure

	Group		Company	
	2003 RM '000	2002 RM '000	2003 RM '000	2002 RM '000
Land and development expenditure, at cost	867,569	530,520	0	0
Attributable profit less foreseeable losses	100,977	36,633	0	0
	968,546	567,153	0	0
Progress payments received and receivable	(421,253)	(123,203)	0	0
	547,293	443,950	0	0
Transfer of unsold completed development units to inventories	(24,407)	0	0	0
	522,886	443,950	0	0

## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### 20. Development properties and expenditure (cont'd)

Included in the Group's land and development expenditure, at cost, are amounts reclassified from property, plant and equipment of RM74,360,000 as disclosed in note 16 to the financial statements.

Land and development expenditure of the Group at cost of RM319,825,000 (2002: RM277,875,000) have been charged as security for certain term loan and overdraft facilities as disclosed in note 14 to the financial statements.

Included in the Group's development properties and expenditure costs are interest capitalised during the financial year of RM15,044,502 (2002 : RM9,001,811).

### 21. Inventories

	Group		Company	
	2003 RM '000	2002 RM '000	2003 RM '000	2002 RM '000
<b>At cost</b>				
Inventories of unsold properties	74,386	56,217	37,348	37,348
Consumables	25	186	0	0
Finished goods	974	692	0	0
Hotel operating supplies	802	1,287	0	0
	<u>76,187</u>	<u>58,382</u>	<u>37,348</u>	<u>37,348</u>

Inventories of unsold properties of the Group at cost of RM8,974,710 (2002: RM13,258,634) have been charged as security for certain term loan facilities as disclosed in note 14 to the financial statements.

### 22. Marketable securities

	Group		Company	
	2003 RM '000	2002 RM '000	2003 RM '000	2002 RM '000
<b>At cost</b>				
Quoted shares:				
- In Malaysia	9,783	9,783	6,529	6,529
Warrants:				
- In Malaysia	7,036	7,036	7,036	7,036
	<u>16,819</u>	<u>16,819</u>	<u>13,565</u>	<u>13,565</u>
Allowance for diminution in value	(4,104)	(4,104)	(4,104)	(4,104)
	<u>12,715</u>	<u>12,715</u>	<u>9,461</u>	<u>9,461</u>
<b>Market value of marketable securities</b>				
Quoted shares				
- In Malaysia	8,801	9,431	8,801	9,431
Warrants				
- In Malaysia	3,987	3,284	3,987	3,284
	<u>12,788</u>	<u>12,715</u>	<u>12,788</u>	<u>12,715</u>

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**23. Trade and other receivables**

	Group		Company	
	2003 RM '000	2002 RM '000	2003 RM '000	2002 RM '000
Trade receivables	110,992	77,663	1,568	1,450
Less: Allowance for doubtful debts	(5,431)	(2,740)	(932)	(932)
	<b>105,561</b>	74,923	<b>636</b>	518
Other receivables	26,648	41,210	14,313	15,049
Less: Allowance for doubtful debts	(1,599)	(1,599)	(1,094)	(1,094)
	<b>25,049</b>	39,611	<b>13,219</b>	13,955
Sundry deposits	5,901	3,944	351	349
Prepayments	1,602	1,373	297	1,022
Tax recoverable	6,116	19,175	0	4,572
	<b>144,229</b>	139,026	<b>14,503</b>	20,416
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	105,108	73,330	636	518
- US Dollar	453	1,422	0	0
- Singapore Dollar	0	171	0	0
	<b>105,561</b>	74,923	<b>636</b>	518

Credit terms of trade receivables range from payment in advance to 30 days.

The Group's trade receivables consist of amounts owing by purchasers of property development, office and commercial building tenants and hotel guests. The concentration of credit risk is limited due to the Group's diversified business and large number of customers. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, management believe that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

**24. Amounts owing by/to subsidiaries**

	Company	
	2003 RM '000	2002 RM '000
Amounts owing by subsidiaries	958,866	799,273
Less: Allowance for doubtful debts	(65,332)	(65,332)
	<b>893,534</b>	733,941
Amounts owing to subsidiaries	<b>517,936</b>	267,755

Amounts owing by/to subsidiaries represents advances and are unsecured, have no fixed terms of repayment. The amounts owing by subsidiaries carry nominal interest (2002: nominal) except for an amount of RM396,251,668 (2002: RM418,950,056) which carry interest at a rate of 6% (2002: 6%) per annum. The amounts owing to subsidiaries are interest free (2002 : nil)

## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### 25. Amounts owing by/to associates

	Group		Company	
	2003 RM '000	2002 RM '000	2003 RM '000	2002 RM '000
Amounts owing by associates	167,104	146,243	99,476	77,046
Less: Allowance for doubtful debts	(3,477)	(3,477)	(3,477)	(3,477)
	<u>163,627</u>	<u>142,766</u>	<u>95,999</u>	<u>73,569</u>
Amounts owing to associates	<u>69,558</u>	<u>37,787</u>	<u>9,269</u>	<u>9,269</u>

Amounts owing by/to associates represent advances and are unsecured and have no fixed terms of repayment. The amounts owing to associates are interest free except for an amount of RM8,536,000 (2002: RM5,975,000) which bears interest at 3.8% (2002: 3.8%) per annum. The amounts owing by associates are interest free (2002: nil).

### 26. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprised the following balance sheet amounts:

	Note	Group		Company	
		2003 RM '000	2002 RM '000	2003 RM '000	2002 RM '000
Deposits with licensed banks		194,846	75,134	71,138	34,018
Cash and bank balances		57,545	26,956	615	7,170
Bank overdrafts	14	(5,795)	(12,911)	(887)	(3,110)
		<u>246,596</u>	<u>89,179</u>	<u>70,866</u>	<u>38,078</u>
Less: Fixed deposits held as security for bank guarantee facility		(17,928)	(11,004)	(6,500)	0
		<u>228,668</u>	<u>78,175</u>	<u>64,366</u>	<u>38,078</u>
The currency exposure profile of cash and cash equivalents is as follows:					
- Ringgit Malaysia		202,106	49,425	32,789	4,060
- US Dollar		39,342	35,034	38,077	34,018
- Singapore Dollar		2,042	1,991	0	0
- Hongkong Dollar		456	18	0	0
- Australian Dollar		2,650	2,711	0	0
		<u>246,596</u>	<u>89,179</u>	<u>70,866</u>	<u>38,078</u>

Included in the above is cash at bank amounting to RM30,965,822 and RM4,381 for the Group and Company (2002: RM3,493,195 and RM4,381) respectively, which are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the property development projects of the Group and Company.

Deposits of the Group and Company have an average maturity period of 6 days (2002: 18 days). Fixed deposits held as security for bank guarantee facility of the Group and the Company are placed in term deposits and rolled-over every 30 days (2002: 30 days). Bank balances are deposits held at call with banks.



## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### 26. Cash and cash equivalents (cont'd)

The weighted average effective interest rates of deposits, bank and cash balances as at financial year end are as follows:

	Group		Company	
	2003 % per annum	2002 % per annum	2003 % per annum	2002 % per annum
Deposits with licensed banks				
- Ringgit Malaysia	2.46	2.65	2.88	0
- US Dollar	0.81	0.94	0.81	0.94
- Singapore Dollar	0.41	0.56	0	0
- Hongkong Dollar	0.44	0.06	0	0
- Australian Dollar	3.88	3.85	0	0

### 27. Trade and other payables

	Note	Group		Company	
		2003 RM '000	2002 RM '000	2003 RM '000	2002 RM '000
Trade payables		158,966	99,804	10	10
Accruals		32,413	96,669	1,516	4,023
Dividend payable		20,944	0	20,944	0
Other payables		86,944	33,341	52,822	24,706
Tenants' deposits received		36,928	36,618	975	948
Amounts due to customers on contracts	28	5,889	6,025	0	0
		<u>342,084</u>	<u>272,457</u>	<u>76,267</u>	<u>29,687</u>

The currency exposure profile of trade payables is as follows:

- Ringgit Malaysia	158,922	88,351	10	10
- US Dollar	44	11,378	0	0
- Singapore Dollar	0	54	0	0
- Hongkong Dollar	0	21	0	0
	<u>158,966</u>	<u>99,804</u>	<u>10</u>	<u>10</u>

Credit terms of trade payables and amounts due to customers on contracts vary from no credit to 30 days.

Included in other payables is an advance of RM6,400,000 (2002: RM7,400,000) from a related party - Wah Seong (Malaya) Trading Co. Sdn Bhd (note 32 to the financial statements). The advance is unsecured, has no fixed terms of repayment and carries interest at a rate of 4.39% (2002: 4.39%) per annum.

Included in the trade payables are retention on contract sum of RM11,008,604 (2002: RM6,885,722).

Included in other payables is an amount of RM46,290,000 arising from the acquisition of additional equity interest in Mid Valley City Sdn Bhd as disclosed in note 33 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**28. Construction contracts**

	Note	Group	
		2003 RM '000	2002 RM '000
Costs incurred to-date		123,724	102,148
Attributable profit		3,624	1,155
		<u>127,348</u>	<u>103,303</u>
Progress billings		(133,237)	(109,328)
		<u>(5,889)</u>	<u>(6,025)</u>
Amounts due to customers on contracts	27	<u>(5,889)</u>	<u>(6,025)</u>
Retention on contracts included in progress billings		<u>7,966</u>	<u>7,180</u>

**29. Segment reporting - Group**

The Group is organised on a worldwide basis into four main business segments:

- \* Property development - development and sale of condominiums, bungalows, linked houses and shoplots.
- \* Property investment , property holding and property management - rental income and service charge from retail and office buildings.
- \* Hotel - income from hotel operations.
- \* Construction - civil and building construction.

Other operations of the Group mainly comprise laundry, hospital and medical centre and investment holding, neither of which are of a significant size to be reported separately.

Intersegment revenues comprise construction work for internal projects and office rental on an arms length basis under terms, conditions and prices not materially different from transactions with unrelated parties.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

29. Segment reporting - Group (cont'd)

(a) Primary reporting format - business segment

2003	Property development RM'000	Property investment, property holding and property management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
<b>Revenue</b>						
Total revenue	223,970	169,907	72,511	118,031	4,712	589,131
Intersegment revenue	(3,321)	(6,143)	0	(43,174)	(4,327)	(56,965)
External revenue	<u>220,649</u>	<u>163,764</u>	<u>72,511</u>	<u>74,857</u>	<u>385</u>	<u>532,166</u>
<b>Results</b>						
Segment results (external)	56,880	47,715	7,228	1,222	(10,136)	102,909
Unallocated income						3,151
Profit from operations						106,060
Finance costs						(65,543)
Share of results of associates	7,288	137	35,032	20,662	1,704	64,823
Gain from disposal of associates	0	0	0	79,018	0	79,018
Profit from ordinary activities before tax						184,358
Tax						(41,642)
Profit from ordinary activities after tax						142,716
Minority interests						4,817
Net profit for the financial year						<u>147,533</u>
<b>Other information</b>						
Segment assets	898,488	1,034,850	432,588	56,096	39,156	2,461,178
Associates	191,426	24,518	294,561	0	61,629	572,134
Unallocated assets						194,846
Total assets						<u>3,228,158</u>
Segment liabilities	243,006	151,185	70,784	27,906	2,841	495,722
Unallocated liabilities						578,256
Total liabilities						<u>1,073,978</u>
Capital expenditure	1,289	63,122	20,462	1,031	73	85,977
Depreciation	1,083	33,985	10,357	337	21	45,783

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**29. Segment reporting - Group (cont'd)**

	Property development RM'000	Property investment, property holding and property management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
<b>2002</b>						
<b>Revenue</b>						
Total revenue	119,171	163,510	73,143	90,686	803	447,313
Intersegment revenue	(14,160)	(267)	0	(27,197)	0	(41,624)
External revenue	<u>105,011</u>	<u>163,243</u>	<u>73,143</u>	<u>63,489</u>	<u>803</u>	<u>405,689</u>
<b>Results</b>						
Segment results (external)	26,767	45,639	20,486	894	772	94,558
Unallocated income						<u>5,444</u>
Profit from operations						100,002
Finance costs						(66,218)
Share of results of associates	5,791	(38)	26,624	36,253	(182)	68,448
Gain from disposal of associates	0	0	12,261	0	0	<u>12,261</u>
Profit from ordinary activities before tax						114,493
Tax						<u>(43,369)</u>
Profit from ordinary activities after tax						71,124
Minority interests						(3,439)
Net profit for the financial year						<u>67,685</u>
<b>Other information</b>						
Segment assets	743,369	1,078,706	435,243	39,636	57,244	2,354,198
Associates	207,270	32,174	238,496	294,898	60,287	833,125
Unallocated assets						<u>75,134</u>
Total assets						<u>3,262,457</u>
Segment liabilities	173,929	111,765	41,049	85,936	4,181	416,860
Unallocated liabilities						<u>825,821</u>
Total liabilities						<u>1,242,681</u>
Capital expenditure	2,449	5,152	1,877	1,200	0	10,678
Depreciation	1,092	31,408	8,348	161	0	41,009

Unallocated income represents interest income. Segment assets consist primarily of property, plant and equipment, development property expenditure, investments, inventories, receivables, marketable securities and operating cash. Segment liabilities comprise operating liabilities, taxation and deferred taxation.

Capital expenditure comprises additions to property, plant and equipment (note 16 to the financial statements).

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**29. Segment reporting - Group (cont'd)**

**(b) Secondary reporting format - geographical segments**

Although the Group's business segments are managed on a worldwide basis, they operate in three main areas:

- \* Malaysia # - property development, property investment, property holding and property management, hotel and construction
- \* Asia Pacific (other than Malaysia) - mainly hotel and investment
- \* United Kingdom - mainly hotel operation

# Company's home country

	<b>Revenue</b> RM '000	<b>Total Assets</b> RM '000	<b>Capital Expenditure</b> RM '000
<b>2003</b>			
Malaysia	526,871	3,041,595	85,834
Asia Pacific	5,295	90,451	143
United Kingdom	0	96,112	0
	<u>532,166</u>	<u>3,228,158</u>	<u>85,977</u>
<b>2002</b>			
Malaysia	400,839	3,018,669	10,678
Asia Pacific	4,850	119,285	0
United Kingdom	0	124,503	0
	<u>405,689</u>	<u>3,262,457</u>	<u>10,678</u>

**30. Contingent liabilities**

	<b>Company</b>	
	<b>2003</b> RM '000	2002 RM '000
Corporate guarantees and secured guarantees of bank facilities granted to subsidiaries	<u>442,691</u>	<u>276,884</u>

The secured guarantees of bank facilities are secured by way of deposits of marketable securities with market value of not less than the facility amount and fixed registered charges over certain lands and buildings, hotel properties and development properties of the Group.

At the date of these financial statements, no additional payments are anticipated.

**31. Capital commitment**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b> RM'000	2002 RM'000	<b>2003</b> RM'000	2002 RM'000
Capital expenditure authorised by Directors but not contracted				
- Property, plant and equipment	<u>375</u>	<u>414</u>	<u>0</u>	<u>0</u>

## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### 32. Significant related party disclosures

In addition to related party disclosures mentioned elsewhere in the Directors' report and financial statements, set out below are other significant related party transactions and balances. The related party transactions described below are carried out on terms and conditions obtainable in transactions with unrelated parties.

	Group	
	2003 RM'000	2002 RM'000
<b>(a) Associates</b>		
<b>Dividend income (gross):</b>		
- IJM Corporation Berhad	5,680	7,098
- Negara Properties (M) Berhad	1,391	706
- Hampshire Park Sdn Bhd	0	27,903
- Kumpulan Sierramas (M) Sdn Bhd	0	3,502
- Macroland Holdings Sdn Bhd	0	4,073
<b>(Repayment from)/ Advances to:</b>		
- Great Union Properties Sdn Bhd	7,629	(8,565)
- Istaron Limited	(15,530)	(8,950)
<b>Repayment to / (Advances from):</b>		
- Ravencroft Investments Incorporated	0	21,866
- Macroland Holdings Sdn Bhd	0	1,461
- Hampshire Park Sdn Bhd	(24,800)	0
- Kumpulan Sierramas (M) Sdn Bhd	(2,600)	0

(b) Other related parties	Relationship
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	A company in which Robert Tan Chung Meng, a Director of the Company, has substantial financial interest
Wah Seong Corporation Berhad	A company in which Robert Tan Chung Meng, Pauline Tan Suat Ming, Tony Tan @ Choon Keat, Directors of the Company, are substantial shareholders
Cahaya Utara Sdn. Bhd.	An associate of Wah Seong (Malaya) Trading Co. Sdn. Bhd.
STH Sri Bulatan Sdn. Bhd.	A subsidiary of Wah Seong Corporation Berhad
Petro-Pipe Concrete Piles Sdn. Bhd.	A subsidiary of Wah Seong Corporation Berhad
Syn Tai Hung Trading Sdn. Bhd.	A subsidiary of Wah Seong Corporation Berhad and related to Robert Tan Chung Meng and Pauline Tan Suat Ming, Directors of the Company and Dato' Tan Chin Nam who are deemed majority shareholders of the Company via corporations in which they have no less than 15% shareholding
Sweat Club Sdn. Bhd.	A subsidiary of Gold IS Berhad, a substantial shareholder of the Company

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

32. **Significant related party disclosures (cont'd)**

	Group	
	2003 RM'000	2002 RM'000
<b>Repayment of advances to:</b>		
- Wah Seong (Malaya) Trading Co. Sdn. Bhd.	1,000	6,600
<b>Management/Marketing fee income from:</b>		
- Cahaya Utara Sdn. Bhd.	1,227	1,225
<b>Purchases of building materials from:</b>		
- STH Sri Bulatan Sdn. Bhd.	0	1,458
- Petro-Pipe Concrete Piles Sdn. Bhd.	0	1,393
- Syn Tai Hung Trading Sdn. Bhd.	1,626	1,741
<b>Rental income received/receivable from:</b>		
- Sweat Club Sdn. Bhd.	1,161	1,109

Significant outstanding balances arising from the above non-trade transactions during the financial year are as follows:

	Type of transaction	Group	
		2003 RM'000	2002 RM'000
(i) <b>Associate - Receivable</b>			
- Great Union Properties Sdn. Bhd.	Advances	7,629	0
(ii) <b>Associate - Payable</b>			
- Hampshire Park Sdn. Bhd.	Advances	24,800	0
- Kumpulan Sierramas (M) Sdn. Bhd.	Advances	2,600	0

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**33. Acquisition of subsidiaries**

**(a) Acquisition of Mid Valley City Sdn Bhd ('MVC')**

During the year, the Company acquired additional equity interest of 9.22% in MVC for total cash consideration of RM55,561,607. As a result, the Company's shareholding in MVC increased from 90.31% to 99.53% (note 36 to the financial statements).

Details of fair value of net assets acquired, reserve on consolidation and cost of acquisition arising from the acquisition are as follows :

	At date of acquisition RM'000
Fair value of net assets acquired	82,838
Reserve on consolidation*	(27,276)
Cost of acquisition	<u>55,562</u>
Less : amount paid	(9,272)
Balance to be paid (included in other payables-note 26 to the financial statements)	<u>46,290</u>

**(b) Acquisition of Technoltic Engineering Sdn Bhd**

The Company also acquired a 60% interest in Technoltic Engineering Sdn Bhd on 28 April 2003 at no cost. Subsequently the Company subscribed for 300,000 new ordinary shares of RM1 each at par value.

Details of net liabilities acquired, goodwill and cash flow arising from the acquisition are as follows :

	At date of acquisition RM'000
Net liabilities acquired	(295)
Goodwill*	295
Cost of acquisition	<u>0</u>
Purchase consideration	0
Less : Cash and cash equivalents of subsidiary acquired	(11)
Cash inflow of the Group on acquisition	<u>(11)</u>

\* Reserve on consolidation, net of goodwill, arising from this acquisition of RM26,981,000 has been written off to reserves.



## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### 34. Prior year adjustments

During the financial year, the Group changed its accounting policies to comply with MASB 25 'Income Taxes'.

In previous years, deferred tax was recognised for timing differences except when there was reasonable evidence that such timing differences would not reverse in the foreseeable future. The tax effect of timing differences that resulted in a debit balance or a debit to the deferred tax balance was not carried forward unless there was a reasonable expectation of its realisation.

The Group has now changed its accounting policy to recognise deferred tax on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying values in the financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences or unused tax losses can be utilised.

In addition, deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

This change in accounting policy has been accounted for retrospectively.

The new accounting policy has the effect of reducing the Group's net profit for the financial year ended 31 December 2003 by RM12,636,728. The other effects of the change on the Group's financial statements are as follows :

Group	As previously reported RM'000	Effect of change in policy RM'000	As restated RM'000
<b>At 1 January 2002 :</b>			
- Retained earnings	666,097	14,790	680,887
- Deferred tax (liability)/asset	(1,617)	12,768	11,151
- Revaluation and other reserves	64,462	(2,022)	62,440
<b>At 31 December 2002 :</b>			
- Retained earnings	740,631	3,665	744,296
- Deferred tax liability	(60,563)	1,643	(58,920)
- Revaluation and other reserves	55,182	(2,022)	53,160
<b>Year ended 31 December 2002</b>			
Tax - Company and subsidiaries	11,919	11,125	23,044
Profit from ordinary activities after tax	82,249	(11,125)	71,124
Net profit for the financial year	78,810	(11,125)	67,685

## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **35. Significant events**

#### **(a) Disposal of shares and warrants in an associate, IJM Corporation Berhad ('IJM')**

On 25 September 2003, the disposals of IJM shares and warrants were completed and the full proceeds of RM382 million were received on 30 September 2003.

#### **(b) Employees' Share Option Scheme ('ESOS')**

The ESOS was approved by the shareholders on 30 May 2003. On 15 August 2003, the total number of 40,742,000 new ordinary shares of RM0.50 each under the ESOS were granted to eligible employees at an exercise price of RM0.93 per share.

#### **(c) Corporate exercise of Mid Valley City Sdn Bhd ('MVC')**

On 16 October 2003, it was announced to the Bursa Malaysia that the Company had on 16 October 2003 signed a tripartite Memorandum of Understanding ('MOU') with Amtek Engineering Ltd ('Amtek') and Kris Components Berhad ('Kris') whereby the Company shall enter into the following conditional sale and purchase agreements:

- (i) a conditional sale and purchase agreement with Amtek for the Company to acquire 32,805,000 ordinary shares of RM1.00 each representing approximately 41.84% equity interest in Kris as at the date of the MOU, from Amtek for a cash consideration of RM91,197,900 or RM2.78 per Kris share ('Proposed Acquisition'); and
- (ii) a conditional sale and purchase agreement with Kris for the Company to sell and/or procure the sale of approximately 99.5% equity interest in MVC to Kris for a disposal consideration to be determined and agreed upon later between the Company and Kris to be satisfied by cash, new Kris shares at an issue price of RM2.50 per share and/or other new securities to be issued by Kris ('Proposed Disposal').

On 12 November 2003, it was announced to the Bursa Malaysia that the Company had on 12 November 2003 agreed on the terms of the Proposed Acquisition and the Proposed Disposal and had on the same date entered into the following conditional sale and purchase agreements:

- (i) a conditional sale and purchase agreement with Amtek for the Company to acquire 32,805,000 ordinary shares of RM1.00 each representing approximately 41.84% equity interest in Kris as at the date of the MOU, from Amtek for a cash consideration of RM91,197,900 or RM2.78 per Kris share ('Proposed Acquisition');
- (ii) a conditional sale and purchase agreement with Kris for the Company to sell 289,045,160 ordinary shares of RM1.00 each representing approximately 96.35% equity interest in MVC to Kris for a total consideration of RM992,190,396 to be satisfied by cash of RM98,735,038 and 243,933,623 new Kris shares at an issue price of RM2.50 per share and 2,836,213 new Kris Redeemable Preference Shares of RM0.10 each ('Kris RPS') at an issue price of RM100.00 per Kris RPS; and

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**35. Significant events (cont'd)**

**(c) Corporate exercise of Mid Valley City Sdn Bhd ('MVC') (cont'd)**

- (iii) a conditional sale and purchase agreement with Kris for the Company to sell 9,558,121 ordinary shares of RM1.00 each in MVC representing approximately 3.19% equity interest in MVC to Kris for a total consideration of RM32,809,604 to be satisfied by cash of RM3,264,962 and 8,066,377 new Kris shares at an issue price of RM2.50 per share and 93,787 new Kris RPS at an issue price of RM100.00 per Kris RPS.

The principal conditions precedent to the above Proposals, which are inter-conditional are as follows :

- (i) the approvals of the relevant authorities, including among others, the Securities Commission, Foreign Investment Committee and Ministry of International Trade and Industry, as well as Bursa Malaysia having been obtained;
- (ii) the approvals from the shareholders of the Company, Kris and Amtek (where applicable) having been obtained;
- (iii) the completion of legal and financial due diligence by the respective parties; and
- (iv) any other relevant approvals or consents having been obtained.

As at the date of this report, all the above conditions precedent have not been met, except for the approval from the Ministry of International Trade and Industry received on 11 March 2004.

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**36. Subsidiaries**

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2003	2002
Abad Flora Sdn. Bhd. <sup>1</sup>	Property Investment	Malaysia	100.0	100.0
Amanbest Sdn. Bhd. <sup>2</sup>	Dormant	Malaysia	51.0	51.0
Amandamai Dua Sdn. Bhd. <sup>3</sup>	Investment Holding	Malaysia	100.0	100.0
Amandamai Satu Sdn. Bhd. <sup>4</sup>	Property Development	Malaysia	100.0	100.0
Angkasa Gagah Sdn. Bhd. <sup>5</sup>	Property Development	Malaysia	100.0	100.0
* Asian Equity Limited. <sup>6</sup>	Investment Holding	British Virgin Islands	55.0	55.0
Atar Deras Sdn. Bhd. <sup>7</sup>	Property Investment and Development	Malaysia	100.0	100.0
* Auspicious Prospects Ltd. <sup>8</sup>	Investment Holding	Liberia	100.0	100.0
Bagan Ayam Estate Sendirian Berhad	Property Development	Malaysia	100.0	100.0
Belimbing Hills Sdn. Bhd. <sup>9</sup>	Property Development	Malaysia	100.0	100.0
* Bellegrove Pte. Ltd. <sup>10</sup>	Dormant	Singapore	100.0	100.0
* Beswell Limited <sup>11</sup>	Investment Holding	Hong Kong	100.0	100.0
Bintang Buana Sdn. Bhd. <sup>12</sup>	Property Development	Malaysia	90.0	90.0
Central Review (M) Sdn. Bhd. <sup>13</sup>	Hotel Operation and Management	Malaysia	100.0	100.0
Cipta Klasik (M) Sdn. Bhd. <sup>14</sup>	Property Investment	Malaysia	100.0	100.0
Cititel Hotel Management Sdn. Bhd.	Hotel Management Services	Malaysia	60.0	60.0
City Beauty Sdn. Bhd. <sup>15</sup>	Dormant	Malaysia	100.0	100.0
Corpool Holdings Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Courtyard Sdn. Bhd. <sup>16</sup>	Home Furnishing	Malaysia	70.0	70.0
Danau Bidara (M) Sdn. Bhd. <sup>17</sup>	Property Holding	Malaysia	100.0	100.0
Dian Rezki Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Earning Edge Sdn. Bhd. <sup>18</sup>	Investment Holding	Malaysia	65.0	65.0
Ensignia Construction Sdn. Bhd.	Investment Holding and Construction	Malaysia	100.0	100.0
Express Management Consultants Sdn. Bhd. <sup>19</sup>	Dormant	Malaysia	100.0	100.0
* Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	100.0	100.0
Harta Villa Sdn. Bhd. <sup>20</sup>	Property Holding	Malaysia	100.0	100.0
ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
ICDC Management Sdn. Bhd. <sup>21</sup>	Dormant	Malaysia	100.0	100.0
IEH Corporation Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	100.0	100.0

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**36. Subsidiaries (cont'd)**

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2003	2002
IGB Properties Sdn. Bhd. <sup>22</sup>	Property Investment and Management	Malaysia	100.0	100.0
IGB Real Estate Sdn. Bhd. <sup>23</sup>	Dormant	Malaysia	100.0	100.0
Innovation & Concept Development Co. Sdn. Bhd. <sup>24</sup>	Property Development	Malaysia	100.0	100.0
Intercontinental Aviation Services Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Ipoh Garden Shopping Complex Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Kemas Muhibbah Sdn. Bhd. <sup>25</sup>	Property Development	Malaysia	100.0	100.0
KennyVale Sdn. Bhd. <sup>26</sup>	Property Development	Malaysia	100.0	100.0
Kilat Security Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Kondoservis Sdn. Bhd. <sup>27</sup>	Management Services to Condominiums	Malaysia	100.0	100.0
K Parking Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
+ Lingame Company Limited	Investment Holding	Hong Kong	100.0	100.0
Lucravest Holdings Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
* MiCasa Hotel Limited. <sup>28</sup>	Hotelier	Myanmar	65.0	65.0
Mid Valley City Sdn. Bhd.	Property Investment and Management	Malaysia	99.5	90.3
Mid Valley City Developments Sdn. Bhd. (formerly known as Pebbles Enterprise Sdn. Bhd.)	Property Development	Malaysia	100.0	100.0
Mid Valley City Enterprise Sdn. Bhd. (formerly known as Hai Aun Co. Sdn. Bhd.)	Hotelier	Malaysia	100.0	100.0
Mid Valley Food Management Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Mid Valley MC Sdn. Bhd. <sup>29</sup>	Dormant	Malaysia	99.5	90.3
Mid Valley Mulia Sdn. Bhd. <sup>30</sup>	Dormant	Malaysia	99.5	90.3
Mid Valley Properties Sdn. Bhd. <sup>31</sup>	Dormant	Malaysia	99.5	90.3
MIHR Sdn. Bhd. <sup>32</sup>	Hotel Management and Consultancy	Malaysia	90.0	90.0
Murni Properties Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
MVEC Exhibition and Event Services Sdn. Bhd.	Provision of Exhibition Services	Malaysia	100.0	100.0
Nova Pesona Sdn. Bhd. <sup>33</sup>	Property Development	Malaysia	50.0	0

(+ 1 share)

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

**36. Subsidiaries (cont'd)**

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2003	2002
OPT Ventures Sdn. Bhd. <sup>34</sup>	Property Development	Malaysia	70.0	70.0
Outline Avenue (M) Sdn. Bhd. <sup>35</sup>	Property Development	Malaysia	90.0	90.0
Pacific Land Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	100.0	100.0
Pekeliling Land Sdn. Bhd.	Property Holding	Malaysia	100.0	100.0
Pekeliling Property Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Penang Garden Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Permata Dunia Sdn. Bhd. <sup>36</sup>	Investment Holding	Malaysia	100.0	100.0
Permata Efektif (M) Sdn. Bhd. <sup>37</sup>	Property Development	Malaysia	83.0	83.0
Pinex Sdn. Bhd. <sup>38</sup>	Dormant	Malaysia	100.0	100.0
PIR Management Services Sdn. Bhd. <sup>39</sup>	Dormant	Malaysia	100.0	100.0
Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	100.0	100.0
Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Primayah Property Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Puncak Megah (M) Sdn. Bhd.	Property Investment	Malaysia	100.0	100.0
Reka Handal Sdn. Bhd. <sup>40</sup>	Property Development	Malaysia	75.0	75.0
Riraian Enterprise Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Tanah Alam Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Tanah Permata Sdn. Bhd. <sup>41</sup>	Hotelier	Malaysia	100.0	100.0
Tanobi Sdn. Bhd. <sup>42</sup>	Property Holding	Malaysia	100.0	100.0
Tan & Tan Developments Berhad	Property Development, Project Management Services and Investment Holding	Malaysia	100.0	100.0
Tan & Tan Realty Sdn. Bhd. <sup>43</sup>	Property Investment	Malaysia	80.0	80.0
T-Bond Construction Sdn. Bhd. <sup>44</sup>	Construction	Malaysia	100.0	100.0
Technoltic Engineering Sdn. Bhd.	Servicing & Maintenance of Elevators	Malaysia	60.0	0
Teamwork M&E Sdn. Bhd. <sup>45</sup>	Mechanical and Electrical Services to Condominiums and Apartments	Malaysia	100.0	100.0
TTD Sdn. Bhd. <sup>46</sup>	Hotel Operation and Management	Malaysia	100.0	100.0
X-Speed Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
X-Speed Skatepark Sdn. Bhd. <sup>47</sup>	Dormant	Malaysia	99.5	90.3

## NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2003 (cont'd)

### 36. Subsidiaries (cont'd)

#### Notes:

- 1-5, 7, 9, 12-17, 20, 26, 27, 32-35, 37, 38, 40, 42-46 - Held by Tan & Tan Developments Berhad.  
 6 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 35.0% and 20.0% respectively.  
 8 - Held by Lingame Company Limited.  
 10 - Held by Auspicious Prospects Ltd.  
 11 - Held by Pacific Land Sdn. Bhd.  
 18 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.  
 19, 21 & 24 - Held by ICDC Holdings Sdn. Bhd.  
 22, 23 & 41 - Held by IT & T Engineering & Construction Sdn. Bhd.  
 25 - Held by IGB Project Management Services Sdn. Bhd.  
 28 - Held by Earning Edge Sdn. Bhd.  
 29-31 & 47 - Held by Mid Valley City Sdn. Bhd.  
 36 - Held by Corpool Holdings Sdn. Bhd.  
 39 - Held by Pangkor Island Resort Sdn. Bhd.

+ Companies audited by member firms of PricewaterhouseCoopers International

\* Companies not audited by PricewaterhouseCoopers

### 37. Associates

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2003	2002
* Aroma Laundry and Dry Cleaners Sdn. Bhd. <sup>1</sup>	Commercial Laundrette	Malaysia	20.0	20.0
* Crystal Centre Properties (International) Ltd. <sup>2</sup>	Investment Holding	Hong Kong	45.0	45.0
DMV Sdn. Bhd. <sup>3</sup>	Property Development	Malaysia	50.0	29.9
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. <sup>4</sup>	Investment in and Management of a Private Hospital	Malaysia	30.0	30.0
Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. <sup>5</sup>	Property Development and Investment Holding in Medical Centres	Malaysia	30.0	30.0
+ Grapevine Investments (Hong Kong) Limited. <sup>6</sup>	Investment Holding	Hong Kong	50.0	50.0
Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	50.0	50.0
* Great Union Properties (S) Pte. Ltd. <sup>7</sup>	Hotel Marketing	Singapore	50.0	50.0

**NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended  
31 December 2003 (cont'd)

37. **Associates (cont'd)**

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2003	2002
* Gunung Lang Development Sdn. Bhd.	Property Development	Malaysia	<b>30.0</b>	30.0
Hampshire Park Sdn. Bhd. <sup>8</sup>	Property Development	Malaysia	<b>50.0</b>	50.0
* Hicom Tan & Tan Sdn. Bhd. <sup>9</sup>	Property Development	Malaysia	<b>50.0</b>	50.0
IJM Corporation Berhad. <sup>10</sup>	Construction, Property Development and Investment Holding	Malaysia	<b>0</b>	19.5
* Istaron Limited. <sup>11</sup>	Investment Holding	Hong Kong	<b>50.0</b>	50.0
Johan Kekal Sdn. Bhd.	Property Development	Malaysia	<b>50.0</b>	50.0
Kumpulan Sierramas (M) Sdn. Bhd. <sup>12</sup>	Property Development	Malaysia	<b>47.0</b>	47.0
Kundang Properties Sdn. Bhd.	Property Development	Malaysia	<b>50.0</b>	50.0
* Kyami Pty. Ltd. <sup>13</sup>	Property Management and Development	Australia	<b>40.0</b>	40.0
* MIHR Consulting Sdn. Bhd. <sup>14</sup>	Hotel Consultancy	Malaysia	<b>31.5</b>	31.5
* Macroland Holdings Sdn. Bhd.	Property Development	Malaysia	<b>30.0</b>	30.0
* Negara Properties (M) Berhad. <sup>15</sup>	Property Development	Malaysia	<b>24.6</b>	24.6
* New Commercial Investments Limited. <sup>16</sup>	Investment Holding	British Virgin Islands	<b>49.6</b>	49.6
Permata Alasan (M) Sdn. Bhd. <sup>17</sup>	Property Development and Property Investment	Malaysia	<b>50.0</b>	50.0
Rapid Alpha Sdn. Bhd. <sup>18</sup>	Construction	Malaysia	<b>50.0</b>	50.0
* Ravencroft Investments Incorporated. <sup>19</sup>	Investment Holding	British Virgin Islands	<b>49.5</b>	49.5
* Saigon Inn Hotel Co. <sup>20</sup>	Hotelier	Vietnam	<b>33.8</b>	33.8
* Sierramas Landscape Services Sdn. Bhd. <sup>21</sup>	Landscaping and Horticulture	Malaysia	<b>47.0</b>	47.0
* St Giles Hotel Ltd. <sup>22</sup>	Hotelier	United Kingdom	<b>49.5</b>	49.5
* St Giles Hotel (Heathrow) Ltd. <sup>23</sup>	Hotelier	United Kingdom	<b>49.6</b>	49.6
SuCasa Sdn. Bhd. <sup>24</sup>	Hotelier and Operator of Service Apartments	Malaysia	<b>40.0</b>	40.0
Sukatan Garisan Sdn. Bhd. <sup>25</sup>	Dormant	Malaysia	<b>50.0</b>	50.0
* Tentang Emas Sdn. Bhd. <sup>26</sup>	Investment Holding	Malaysia	<b>49.0</b>	49.0
* Weian Investments Pte. Ltd. <sup>27</sup>	Property Development and Trading	Singapore	<b>49.0</b>	49.0



## **NOTES TO THE FINANCIAL STATEMENTS** for the financial year ended 31 December 2003 (cont'd)

### **37. Associates (cont'd)**

#### Notes:

- 1, 4, 5, 8, 9, 12, 13, 17, 24, 26 - Held by Tan & Tan Developments Berhad.
- 2 - Held by Istaron Limited.
- 3 - Held by Tan & Tan Developments Berhad and IGB Corporation Berhad 33.3% and 16.7% respectively.
- 6, 27 - Held by Grapevine Investments Pte. Ltd.
- 7 - Held by Great Union Properties Sdn. Bhd.
- 10 - Previously held by IGB Corporation Berhad, Riraian Enterprise Sdn. Bhd. and International Aviation Services Sdn. Bhd. 3.54%, 13.21% and 2.75% respectively.
- 11 - Held by Pacific Land Sdn. Bhd.
- 14 - Held by MIHR Sdn. Bhd.
- 15 - Held by IGB Corporation Berhad and Intercontinental Aviation Services Sdn. Bhd 20.0% and 4.6% respectively.
- 16 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.
- 18 - Held by Ensignia Construction Sdn. Bhd.
- 19 - Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd. 27.72%, 7.65% and 14.10% respectively.
- 20 - Held by Crystal Centre Properties (International) Ltd.
- 21 - Held by Kumpulan Sierramas (M) Sdn. Bhd.
- 22 - Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd. 27.72%, 7.65% and 14.10% respectively.
- 23 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.
- 25 - Held by Johan Kekal Sdn. Bhd.

+ Companies audited by member firms of PricewaterhouseCoopers International

\* Companies not audited by PricewaterhouseCoopers

### **38. Approval of financial statements**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 20 April 2004.

**STATEMENT BY DIRECTORS** pursuant to Section 169(15) of the Companies Act, 1965

We, Robert Tan Chung Meng and Dato' Seri Khalid Ahmad Bin Sulaiman, two of the Directors of IGB Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 80 to 137 are drawn up so as to exhibit a true and fair view of the state of affairs of the Group and Company as at 31 December 2003 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 April 2004.

**Robert Tan Chung Meng**

*Managing Director*

**Dato' Seri Khalid Ahmad bin Sulaiman**

*Director*

**STATUTORY DECLARATION** pursuant to Section 169(16) of the Companies Act, 1965

I, Chai Lai Sim, the officer primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 80 to 137 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Chai Lai Sim**

Subscribed and solemnly declared by the abovenamed Chai Lai Sim at Kuala Lumpur on 20 April 2004.

Before me:

**Phang Yoke Lin**

Commissioner for Oaths

**REPORT OF THE AUDITORS** to the members of IGB Corporation Berhad  
for the financial year ended 31 December 2003

We have audited the financial statements set out on pages 80 to 137. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
    - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;  
and
    - (ii) the state of affairs of the Group and Company as at 31 December 2003 and of the results and cash flows of the Group and Company for the financial year ended on that date;
- and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

**REPORT OF THE AUDITORS** to the members of IGB Corporation Berhad  
for the financial year ended 31 December 2003

The names of the subsidiaries of which we have not acted as auditors are indicated in note 36 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

**PricewaterhouseCoopers**

(AF: 1146)

Chartered Accountants

**Shirley Goh**

(No. 1778/08/04(J))

Partner of the firm

Kuala Lumpur

20 April 2004

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**ADDITIONAL COMPLIANCE INFORMATION**

## ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with Bursa Malaysia Listing Requirements:

**1. Sanction and/or penalties**

There were no sanctions and/or penalties imposed on IGB and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

**2. Non-audit fees**

The amount of non-audit fees paid and payable to the external auditors by IGB and its subsidiaries for the financial year ended 31 December 2003 are as follows:

	RM
PWC Taxation Services Sdn Bhd	175,545
PricewaterhouseCoopers	<u>0</u>
	<u>175,545</u>

**3. Recurrent related party transactions of a revenue or trading nature ('Recurrent Transactions')**

At an Extraordinary General Meeting on 30 May 2003, the Company had obtained a shareholders' mandate to allow IGB Group to enter into Recurrent Transactions.

In accordance with paragraph 10.09(1)(b), Part E, Chapter 10 and Section 4.1.5 of Practice Note No. 12/2001 of Bursa Malaysia Listing Requirements, the details of the Recurrent Transactions conducted during the financial year ended 31 December 2003 pursuant to the shareholders' mandate are as follows:





## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Transacting Parties	Interested Related Parties	Nature of Transactions	Aggregate value (RM)
<p><b>Syn Tai Hung Trading Sdn Bhd</b> [a 100% subsidiary of Wah Seong Corporation Berhad (WSCB)]</p>	<p><b>Interested Directors</b>            Robert Tan Chung Meng (RTCM)<sup>1</sup>            Tan Boon Seng (TBS)<sup>2</sup>            Tan Lei Cheng (TLC)<sup>3</sup>            Tan Boon Lee (TBL)<sup>4</sup>            Pauline Tan Suat Ming (PTSM)<sup>5</sup>            Tony Tan @ Choon Keat (TTCK)<sup>6</sup></p> <p><b>Interested Major Shareholders</b>            RTCM            Dato' Tan Chin Nam (DTCN)<sup>7</sup>            PTSM            TTCK            Wah Seong (Malaya) Trading Co. Sdn Bhd (WST)<sup>8</sup>            Gold IS Berhad (Gold IS)<sup>9</sup>            Tan Kim Yeow Sdn Bhd (TKY)<sup>10</sup>            Tan Chin Nam Sdn Bhd (TCN)<sup>11</sup></p> <p><b>Interested Persons Connected</b>            Wah Seong Enterprises Sdn Bhd (WSE)<sup>12</sup>            Multistock Sdn Bhd (MSB)<sup>13</sup>            Tentang Emas Sdn Bhd (TE)<sup>14</sup>            Smooth Operation Sdn Bhd (SO)<sup>15</sup>            TKY Investment Pte Ltd (TKYI)<sup>16</sup>            Scanstell Sdn Bhd (SCSB)<sup>17</sup></p>	<ul style="list-style-type: none"> <li>▪ Sale and purchase of construction materials</li> </ul>	1,625,924.94

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Transacting Parties	Interested Related Parties	Nature of Transactions	Aggregate value (RM)
<p><b>Gold IS Berhad Group of Companies (Gold IS Group)</b></p> <ul style="list-style-type: none"> <li>❖ Gold IS Berhad</li> <li>❖ Diversified Healthcare Services Sdn Bhd</li> <li>❖ Ecofen Marketing Sdn Bhd</li> <li>❖ Gold Information Systems Sdn Bhd</li> <li>❖ Hoe Pharmaceuticals Sdn Bhd</li> <li>❖ Living Tree Pharmacy Sdn Bhd</li> <li>❖ Sweat Club Sdn Bhd</li> </ul>	<p><b>Interested Directors</b> RTCM, TBS, TLC, TBL, PTSM, TTCK</p> <p><b>Interested Major Shareholders</b> RTCM, DTCN, PTSM, TTCK, WST, Gold IS, TKY, TCN</p> <p><b>Interested Persons Connected</b> WSE, MSB, TE, SO, TKYI, SCSB</p>	<ul style="list-style-type: none"> <li>▪ Leasing of properties</li> <li>▪ Information technology services</li> </ul>	<p>2,108,819.25</p> <p>51,927.00</p>
<p><b>Subsidiaries and Associates of IGB</b></p> <ul style="list-style-type: none"> <li>❖ Cititel Hotel Management Sdn Bhd (CHM)</li> <li>❖ Courtyard Sdn Bhd (CSB)</li> <li>❖ Great Union Properties Sdn Bhd (GUP)</li> <li>❖ Hampshire Park Sdn Bhd (HP)</li> <li>❖ MIHR Sdn Bhd (MIHR)</li> <li>❖ MIHR Consulting Sdn Bhd (MIHRC)</li> <li>❖ New Commercial Investments Limited (NCIL)</li> <li>❖ Ravenscroft Investment Inc. (RII)</li> <li>❖ St. Giles Hotel Limited (SGHL)</li> <li>❖ SuCasa Sdn Bhd (SSB)</li> <li>❖ Tan &amp; Tan Realty Sdn Bhd (TTR)</li> <li>❖ Technoltic Engineering Sdn Bhd (TESB)</li> </ul>	<p><b>Interested Directors</b> RTCM, TBS, TLC, TBL, PTSM, TTCK, Chong Kim Chuan (CKC)<sup>18</sup> Ivo R. Nekvapil (Ivo)<sup>19</sup> Gabrielle Tan Hui Chween (GTHC)<sup>20</sup></p> <p><b>Interested Major Shareholders</b> RTCM, DTCN, PTSM, TTCK, WST, Gold IS, TKY, TCN, CKC Ivo, WST, Wah Seong Manufacturing Sdn. Bhd. (WSM)<sup>21</sup></p> <p><b>Interested Persons Connected</b> WSE, MSB, TE, SO, TKYI, SCSB</p>	<ul style="list-style-type: none"> <li>▪ Management, consultancy and/or support services</li> <li>▪ Leasing of properties</li> <li>▪ Home furnishing</li> <li>▪ Mechanical and electrical works</li> </ul>	<p>3,087,919.32</p> <p>125,882.40</p> <p>98,899.24</p> <p>1,382,681.00</p>

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Transacting Parties	Interested Related Parties	Nature of Transactions	Aggregate value (RM)
Tan Chin Nam Sdn Bhd (TCN)	<p><b>Interested Directors</b> DTCN, TBS, TLC, TBL</p> <p><b>Interested Major Shareholders</b> DTCN, WST, Gold IS, TCN</p> <p><b>Interested Persons Connected</b> WSE, MSB, TE, SO, SCSB</p>	<ul style="list-style-type: none"> <li>▪ Leasing of properties</li> </ul>	6,842.28
Cahaya Utara Sdn Bhd (CUSB)	<p><b>Interested Directors</b> RTCM, TBS, TLC, TBL, PTSM, TTCK</p> <p><b>Interested Major Shareholders</b> RTCM, DTCN, PTSM, TTCK, WST, Gold IS, TKY, TCN</p> <p><b>Interested Persons Connected</b> WSE, MSB, TE, SO, TKYI, SCSB</p>	<ul style="list-style-type: none"> <li>▪ Management, consultancy and/or support services</li> <li>▪ Mechanical and electrical works</li> </ul>	1,226,504.00 3,500.00
Wah Seong (Malaya) Trading Co. Sdn Bhd (WST)	<p><b>Interested Directors</b> RTCM, TBS, TLC, TBL, PTSM, TTCK</p> <p><b>Interested Major Shareholders</b> RTCM, DTCN, PTSM, TTCK, WST, Gold IS, TKY, TCN</p> <p><b>Interested Persons Connected</b> WSE, MSB, TE, SO, TKYI, SCSB</p>	<ul style="list-style-type: none"> <li>▪ Leasing of properties</li> </ul>	40,074.00
Jeyaratnam & Chong (J&C)	<p><b>Interested Directors</b> DTCN, TBS, TLC, TBL</p> <p><b>Interested Major Shareholders</b> DTCN, WST, Gold IS, TCN</p> <p><b>Interested Persons Connected</b> WSE, MSB, TE, SO, SCSB</p>	<ul style="list-style-type: none"> <li>▪ Home furnishing</li> <li>▪ Leasing of properties</li> <li>▪ Legal advisory services</li> </ul>	1,100.00 101,664.00 229,349.83

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### Nature of Interest

- 1 RTCM is a common director of IGB, NCIL, RII, SGHL, CUSB, WST, TKY, WSE, TKYI and WSCB. He is a common major shareholder of IGB, Gold IS, TKY and WSCB via his direct/indirect shareholdings in Gold IS, MSB, TKY, WST, WSE, TE, SO, TKYI and WSM. He is a brother of PTSM and TTCK, both of whom are directors and major shareholders of IGB.
- 2 TBS is a common director of IGB and WST. He is a son of DTCN, an interested major shareholder of IGB, Gold IS and WSCB. He is a brother of TLC and TBL, both of whom are directors and shareholders of IGB and brother-in-law to Chong Kim Weng, the senior partner of J&C. He is also a shareholder of IGB.
- 3 TLC is a common director of IGB, Gold IS, HP, TCN and TTR. She is a daughter of DTCN, an interested major shareholder of IGB, Gold IS and WSCB. She is a sister of TBS and TBL, both of whom are directors and shareholders of IGB. She is the spouse of Chong Kim Weng, the senior partner of J&C. She is also a shareholder of IGB.
- 4 TBL is a common director of IGB, Gold IS, GUP, MIHR, SSB, TCN, MSB and TE. He is a son of DTCN, an interested major shareholder of IGB, Gold IS and WSCB. He is a brother of TBS and TLC, both of whom are directors and shareholders of IGB and brother-in-law to Chong Kim Weng, the senior partner of J&C. He is also a shareholder of IGB.
- 5 PTSM is a common director of IGB, Gold IS, WST, TKY, WSE, TE, SO, TKYI and WSCB. She is a common major shareholder of IGB, Gold IS, TKY and WSCB via her direct/indirect shareholdings in Gold IS, MSB, TKY, WST, WSE, TE, SO, WSM and TKYI. She is a sister of RTCM and TTCK, both of whom are directors and major shareholders of IGB.
- 6 TTCK is a director of IGB, TKY, TKYI and WSE. He is a common major shareholder of IGB, Gold IS, TKY and WSCB via his direct/indirect shareholdings in Gold IS, MSB, TKY, WST, WSE, TE, SO, WSM and TKYI. He is a brother of RTCM and PTSM, both of whom are directors and major shareholders of IGB.
- 7 DTCN is a director of TCN, WST and WSE. He is a common major shareholder of IGB, Gold IS and WSCB via his direct/indirect shareholdings in Gold IS, MSB, TCN, WST, WSE, TE, SO, WSM and SCSB. DTCN is the father of TBS, TLC and TBL, and father-in-law to Chong Kim Weng, the senior partner of J&C.
- 8 WST is a common major shareholder of IGB, Gold IS, WSCB, CHM and TTR via its direct/indirect shareholdings in corporations where it has no less than 15% shareholding and a person connected to RTCM, DTCN, PTSM, TTCK, TCN and TKY.
- 9 Gold IS is a major shareholder of IGB and a person connected to RTCM, DTCN, PTSM, TTCK, TKY, TCN and WST.
- 10 TKY is a common major shareholder of IGB, Gold IS and WSCB via its direct/indirect shareholdings in corporations where it has no less than 15% shareholding and a person connected to RTCM, PTSM, TTCK and WST.
- 11 TCN is a common major shareholder of IGB, Gold IS and WSCB via its direct/indirect shareholdings in corporations where it has no less than 15% shareholding and a person connected to DTCN and WST.
- 12 WSE is a shareholder of IGB and a subsidiary of WST.
- 13 MSB is a shareholder of IGB and a 100% subsidiary of Gold IS.
- 14 TE is a shareholder of IGB and a subsidiary of WST.
- 15 SO is a shareholder of IGB and a 100% subsidiary of WST.
- 16 TKYI is a shareholder of IGB and a 100% subsidiary of TKY.
- 17 SCSB is a shareholder of IGB and a 100% subsidiary of TCN.
- 18 CKC is a director and major shareholder of CSB. He is a shareholder of IGB and also a brother of Chong Kim Weng, the senior partner of J&C.
- 19 Ivo is a common director and major shareholder of MIHR and MIHRC.
- 20 GTHC was a director of TESB within the preceding twelve (12) months prior to the date of this Circular. She is a daughter of RTCM, who is a director and major shareholder of IGB, Gold IS, TKY and WSCB.
- 21 WSM is a 100% subsidiary of WST and major shareholder of NCIL, RII and SGHL.

IGB CORPORATION BERHAD (5745-A)

**PROXY FORM**

I/We (full name in block capitals) .....  
 NRIC No./Company No. ....  
 CDS Account No. ....  
 of (full address) .....

being a member of IGB CORPORATION BERHAD hereby appoint (full name as per NRIC in block capitals)

NRIC No. ....  
 of (full address) .....

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fortieth Annual General Meeting of the Company to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Monday, 31 May 2004 at 3.00 p.m. and at any adjournment thereof. My/Our proxy is to vote as indicated below:

No.	Resolutions	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Re-election of Tan Boon Seng		
4.	Re-election of Tan Boon Lee		
5.	Re-election of Tan Lei Cheng		
6.	Re-election of Pauline Tan Suat Ming		
7.	Re-election of Tony Tan @ Choon Keat		
8.	Re-election of Tan Kai Seng		
9.	Re-election of Datuk Abdul Habib bin Mansur		
10.	Re-election of Dato' Haji Megat Muhaiyadin bin Megat Hassan		
11.	Re-appointment of PricewaterhouseCoopers as auditors		
12.	Proposed issue of options to Tan Boon Lee		
13.	Authority to Directors to issue shares		
14.	Proposed Shareholders' Mandate for Recurrent Transactions		

Dated this    day of            2004	Signature of shareholder	No. of shares held
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**Notes:**

1. A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorized in writing. The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for holding the Annual General Meeting or at any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
2. Unless voting instructions are indicated in the spaces provided above, the proxy may vote or abstain as he/she thinks fits.

2nd fold here



1st fold here

The Company Secretary

**IGB CORPORATION BERHAD** (5745-A)

Penthouse, Menara IGB,

No. 1, The Boulevard,

Mid Valley City,

Lingkaran Syed Putra,

59200 Kuala Lumpur,

Malaysia

affix  
stamp  
here