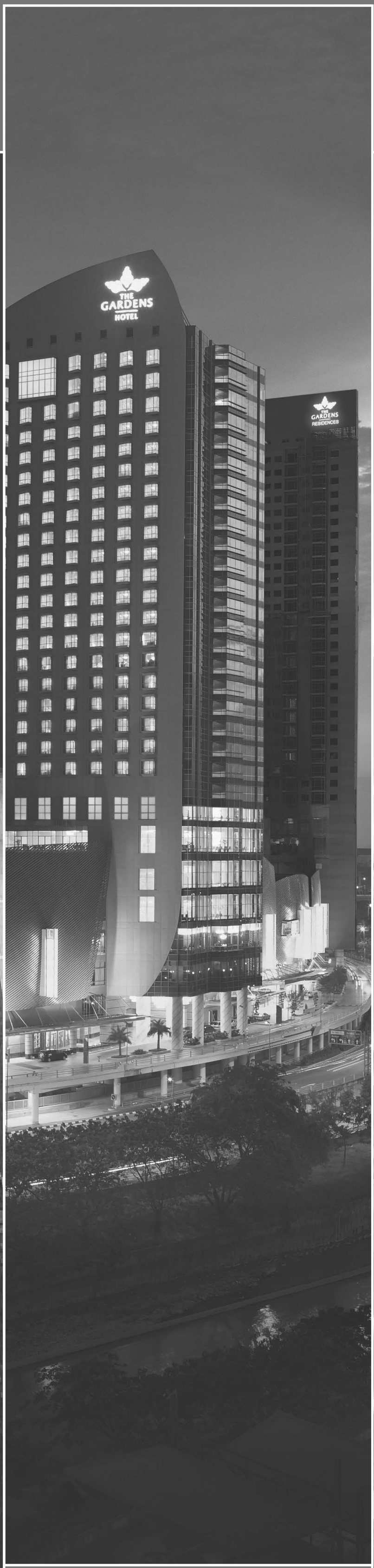
IGB

IGB Corporation Berhad (5745-A)

2008 Annual Report



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Fifth ('45th') Annual General Meeting of IGB Corporation Berhad ('IGB' or 'the Company') will be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Wednesday, 27 May 2009 at 3.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2008 and Reports of the Directors and Auditors thereon. (Resolution 1)

2. To re-elect the following Directors who retire pursuant to Article 85 of the Company's Articles of Association:

   (a) Tan Boon Seng (Resolution 2)
   (b) Pauline Tan Suat Ming (Resolution 3)
   (c) Datuk Abdul Habib bin Mansur (Resolution 4)

3. To re-appoint Messrs. PricewaterhouseCoopers as auditors and to authorise the Directors to determine their remuneration. (Resolution 5)

SPECIAL BUSINESS

4. To consider and if thought fit, pass the following ordinary resolutions:

   (a) Re-appointment of Directors pursuant to Section 129(6) of the Companies Act 1965 ('Act')

   (i) "THAT pursuant to Section 129(6) of the Act, Tan Sri Abu Talib bin Othman be re-appointed a Director of the Company to hold office until the conclusion of the next annual general meeting." (Resolution 6)

   (ii) "THAT pursuant to Section 129(6) of the Act, Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman be re-appointed a Director of the Company to hold office until the conclusion of the next annual general meeting." (Resolution 7)

   (b) Authority to issue shares pursuant to Section 132D of the Act

   "THAT pursuant to Section 132D of the Act, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next annual general meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being." (Resolution 8)

   (c) Renewal of shareholders' mandate for share buy-back

   "THAT subject to the Act, the Company's Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities'), the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company ('Share Buy-Back Mandate') provided that:

   (i) the aggregate number of shares purchased pursuant to the Share Buy-Back Mandate shall not exceed 10% of the total issued and paid-up share capital of the Company;
   (ii) the amount of funds to be allocated by the Company pursuant to the Share Buy-Back Mandate shall not exceed the retained earnings and/or share premium of the Company as at 31 December 2008; and
   (iii) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate to be cancelled and/or retained as treasury shares and distributed as dividends or resold on Bursa Securities.

   AND THAT such authority shall commence immediately upon passing of this resolution until the conclusion of the next annual general meeting of the Company, or the expiry of the period within which the next annual general meeting is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act), at which time the resolution shall lapse, or until the authority is revoked or varied by a resolution passed by shareholders in a general meeting, whichever occurs first;

   AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Share Buy-Back Mandate." (Resolution 9)

   (d) Renewal of shareholders' mandate for recurrent related party transactions

   "THAT the Company and/or its subsidiaries ('the Group') be and is/are hereby authorised to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of the Group ('Related Parties') as specified in Section 2.2.1 of the Statement/Circular dated 30 April 2009, provided that such arrangements and/or transactions are:

Notice of Annual General Meeting (continued)

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for day-to-day operations;
(iii) carried out in ordinary course of business on normal commercial terms not more favourable to Related Parties than those generally available to public; and
(iv) not detrimental to minority shareholders

(the 'RRPT Mandate');

AND THAT the RRPT Mandate, unless revoked or varied by a resolution passed by shareholders in a general meeting, shall continue in force until the conclusion of the next annual general meeting of the Company, or the expiry of the period within which the next annual general meeting is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act);

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the RRPT Mandate." (Resolution 10)

By Order of the Board

Tina Chan
MAICSA 7001659
Company Secretary

Kuala Lumpur
30 April 2009

Notes:

(1) Appointment of proxy

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A member shall be entitled to appoint more than one proxy to attend and vote at the meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of holdings to be represented by each proxy. In the case of a corporate member, the proxy form must be either under seal or under the hand of an attorney duly authorised. The proxy form must be deposited at the Registered Office at Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time set for the meeting.

(2) Re-election and re-appointment of Directors

The particulars of all Directors including those seeking re-election/re-appointment (Resolutions 2, 3, 4, 6 and 7) and their securities holdings in the Company and related corporation are contained in the Annual Report 2008.

(3) Explanatory notes on Special Business

(a) Re-appointment of Directors pursuant to Section 129(6) of the Act

The re-appointment of Tan Sri Abu Talib bin Othman and Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman, who are over the age of 70 years as Directors of the Company to hold office until the conclusion of the next annual general meeting of the Company shall take effect if the proposed Resolutions 6 and 7 have been passed by majority of not less than 3/4 of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolutions have been duly given.

(b) Authority to issue shares pursuant to Section 132D of the Act

Resolution 8, if approved, will renew the authorisation obtained at the last annual general meeting, pursuant to Section 132D of the Act, for issuance of up to 10% of the issued share capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. 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) Renewal of shareholders' mandate for share buy-back

Resolution 9, if approved, will empower the Directors to purchase the Company's shares of up to 10% of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained earnings and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

(d) Renewal of shareholders' mandate for recurrent related party transactions

Resolution 10, if approved, will allow the Group to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

Further information on the renewal of shareholders' mandate for share buy-back and recurrent related party transactions is set out in the Statement/Circular dated 30 April 2009 which is despatched with the Annual Report 2008.

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

Independent Non-Executive Directors
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman
Tan Kai Seng
Yeoh Chong Swee

Non-Independent Non-Executive Directors
Tan Lei Cheng
Pauline Tan Suat Ming
Tony Tan @ Choon Keat
Datuk Abdul Habib bin Mansur

Alternate to Managing Director
Chua Seng Yong

COMPANY SECRETARY
Tina Chan Lai Yin

AUDITORS
PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
50706 Kuala Lumpur
Telephone : 603-21731188
Telefax : 603-21731288

REGISTERED OFFICE
Level 32, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 603-22898989
Telefax : 603-22898802

PRINCIPAL BANKERS
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

REGISTRAR
IGB Corporation Berhad
(Share Registration Department)
Level 32, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 603-22898989
Telefax : 603-22898802

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Board (10 September 1981)

Profile of the Board of Directors

TAN SRI ABU TALIB BIN OTHMAN

Tan Sri Abu Talib, aged 70, is an Independent Non-Executive Chairman of IGB. He joined the Board on 18 July 1995 and was appointed Chairman on 30 May 2001. He is also the Chairman of the Nomination and Remuneration Committees.

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

He is presently the Chairman of British American Tobacco (Malaysia) Berhad, CYL Corporation Berhad, MUI Continental Insurance Berhad and Alliance Investment Management Berhad.

ROBERT TAN CHUNG MENG

Mr Robert Tan, aged 56, was appointed Joint Managing Director of IGB on 18 December 1995 and subsequently re-designated as Managing Director on 30 May 2001. He is also a member of the Exco, Remuneration, Risk Management and Share & ESOS Committees.

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 a year. He 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 City project.

He is presently the Chairman of Wah Seong Corporation Berhad, Group Managing Director of KrisAssets Holdings Berhad and a director of Tan & Tan Developments Berhad.

TAN BOON SENG

Mr Tan Boon Seng, aged 53, joined IGB in 1980 as General Manager. He was appointed to the Board on 20 December 1990, Managing Director in 1991, re-designated to Joint Managing Director in 1995, and subsequently re-designated as Executive Director on 30 May 2001. He is the Chairman of Exco, and a member of Risk Management and Share & ESOS Committees.

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

He is presently the Chairman and Managing Director of Lee Hing Development Limited, and a director of Wo Kee Hong (Holdings) Limited and Star Cruises Limited, all of which are listed on The Stock Exchange of Hong Kong Limited.

TAN BOON LEE

Mr Tan Boon Lee, aged 45, joined the Board of IGB on 10 June 2003 as an Executive Director. He is also a member of the Exco, Risk Management and Share & ESOS Committees.

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 21 years experience in the property and hotel industry, providing management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was President of the Malaysian Association of Hotel Owners ('MAHO') from 2002 to 2004.

He is also a director of KrisAssets Holdings Berhad, Goldis Berhad, Macro Kiosk Berhad and Tan & Tan Developments Berhad of which he is presently the Chief Executive Officer.

TAN SRI DATO' SERI KHALID AHMAD BIN SULAIMAN

Tan Sri Dato' Seri Khalid Ahmad, aged 73, is the Senior Independent Non-Executive Director. He was appointed to the Board on 18 June 1982. He is the Chairman of the Audit Committee, and a member of Nomination Committee.

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 a statutory body ('MARA') for 3 years prior to setting up his own practice in Penang in 1969. He was also a senior member of the Penang State Executive Councillor from 1974 to 1982. Presently, he is the Chairman of the Advocates & Solicitors Disciplinary Board.

He is also a director of Hong Leong Financial Group Berhad, HLG Capital Berhad and Hong Leong Investment Bank Berhad.

Profile of the Board of Directors (continued)

TAN LEI CHENG

Mdm Tan Lei Cheng, aged 52, is a Non-Independent Non-Executive Director. She was appointed to the Board on 10 June 2003.

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

She has 27 years of experience in the property industry and the corporate sector. She was the Chief Executive Officer of Tan & Tan Developments Berhad from March 1995, a property development company that was listed on Bursa Malaysia Securities Berhad until Goldis Berhad took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan Developments Berhad and Goldis Berhad. She is presently the Executive Chairman and Chief Executive Officer of Goldis Berhad. She also sits on the Boards of KrisAssets Holdings Berhad, Tan & Tan Developments Berhad and Macro Kiosk Berhad. She is a member of the World Presidents' Organisation, Malaysia Chapter and a board member of the Kuala Lumpur Business Club.

PAULINE TAN SUAT MING

Mdm Pauline Tan, aged 63 is a Non-Independent Non-Executive Director. She was appointed to the Board on 10 June 2003. She is also a member of the Exco, Risk Management and Nomination Committees.

She holds a Bachelor of Science (Honours) in Biochemistry from the University of Sussex, England and is a Fellow 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 Wah Seong Group of Companies in 1983.

She is also a director of Wah Seong Corporation Berhad and Goldis Berhad.

TONY TAN @ CHOON KEAT

Mr Tony Tan, aged 60, is a Non-Independent Non-Executive Director. He was appointed to the Board on 15 July 2003 and is a member of the Audit Committee.

He holds a Bachelor of Chemical Engineering from the University of Surrey, England and a Masters in Business Administration from the University of California, Berkeley, USA. He was the founding Managing Director of Parkway Holdings Limited, Singapore until 2000 and Deputy Chairman until his retirement in 2005. He is the Chairman of Island Hospital Sdn Bhd and an Executive Director of Napier Properties Pte Ltd.

TAN KAI SENG

Mr Tan Kai Seng, aged 57, is an Independent Non-Executive Director. He was appointed to the Board on 15 July 2003 and is a member of the Audit Committee.

He is a Certified Public Accountant, Singapore and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. He started his career with Price Waterhouse, Singapore, and was Finance Director of Parkway Holdings Limited from 1988 until his retirement in 2005.

DATUK ABDUL HABIB BIN MANSUR

Datuk Abdul Habib, aged 65, is a Non-Independent Non-Executive Director. He was appointed to the Board on 13 June 2003, and represents Permodalan Nasional Berhad, a shareholder of IGB.

He holds a Bachelor of Arts (Honours) from the University of Malaya, Malaysia, an Advanced Diploma in Development Administration from the University of Manchester, England and a Masters in Public Policy and Administration from the University of Wisconsin, USA. He has 31 years of 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 from 1995 to 1999 before he retired.

Profile of the Board of Directors (continued)

YEOH CHONG SWEE

Mr Yeoh Chong Swee, aged 65, is an Independent Non-Executive Director. He was appointed to the Board on 1 June 2004, and is a member of the Audit and Remuneration Committees.

He is a Chartered Secretary and a Fellow of the Australian and Malaysian Institute of Taxation and a Fellow of the Association of Accounting Technicians, United Kingdom. He was the Managing Director and Chief Executive Officer of Deloitte KassimChan Tax Services Sdn Bhd and Deloitte Touche Tohmatsu Tax Services Sdn Bhd from 1977 to 2004. He is presently the Vice-Chairman of Tricor Services (Malaysia) Sdn Bhd.

CHUA SENG YONG

Mr Chua Seng Yong, aged 46, is the Executive Assistant to the Managing Director. He joined IGB as Financial Controller in 1994 and has more than 24 years experience in the property and hotel industry. He was appointed the alternate Director to the Managing Director on 30 November 1999.

He graduated with an Economics degree from Monash University, Australia in 1984 and attained his Masters in Business Administration from Cranfield School of Management, United Kingdom in 1992.

Notes:
1. All Directors are Malaysian except Tan Kai Seng, who is a Singaporean.
2. All Directors do not have any family relationships with other Directors and/or major shareholders of the Company save for Robert Tan Chung Meng, Tan Boon Seng, Tan Lei Cheng, Tan Boon Lee, Pauline Tan Suat Ming and Tony Tan @ Choon Keat.
3. None of the Directors has any personal interests in any business arrangement involving the Company.
4. All Directors have not been convicted of any offence.

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the Annual Report and the Audited Financial Statements of the Group for financial year ended 31 December 2008.

FINANCIAL RESULTS

For the year under review, the Group registered revenue of RM688.2 million, up 2% from RM673.9 million in 2007. Pre-tax profit increased accordingly to RM208.3 million, from RM204.2 million. Revenue contribution by the operating divisions was, Property Development, RM180.3 million; Property Investment and Management, RM365.4 million; and Hotels, RM135.3 million.

DIVIDEND

An interim dividend of 2.5% tax exempt and 2.5% less tax for financial year ended 31 December 2008 was paid on 26 September 2008.

OPERATIONAL HIGHLIGHTS

After a slow start post-opening in September 2007, The Gardens Mall started to see a steady increase in visitors and sales with the staggered opening of The Gardens Hotel and The Gardens North and South Towers, an aggressive promotional campaign and the allocation of 3,800 dedicated car parks. The Megamall meanwhile, remains one of Klang Valley's leading shopping destinations, with visitor numbers exceeding 30 million during the year under review. In Property Development, the construction of the 30-storey Hampshire Place continued on schedule, reaching level 13 at year-end while preparations have commenced for the build-to-lease office tower. Construction activities accelerated at Laman Sierramas West in anticipation of the development's vacant possession in 2009. On the commercial front, the sale of Dataran Jelatek on Jalan Jelatek marked the completion of our Seri Maya development. Our interests in the area are now via our One Jelatek condominium development. Despite a softening market, Seri Maya and Cendana on Sultan Ismail owners have seen an appreciation in the initial purchase price for their properties. In the short term, three more new projects are on the drawing board, two in Ampang Hilir and the third, on Jalan Tun Razak. IGB was again the runner-up in The Edge's Top Property Developer Awards 2008, the sixth year in a row.

The year under review saw the completion of Cendana on Sultan Ismail and The Gardens North and South Towers by the Construction division. Several in-house projects on hand such as U-Thant Residences on Jalan Taman U-Thant, Kuala Lumpur, and The Gardens Hotel & Residences will keep the division busy. The Hotel division posted commendable results following improved performances from the overseas hotel properties achieved on the back of a volatile exchange rate regime. The Gardens Hotel & Residences, MiCasa All-Suite Hotel and Cititel Express Kota Kinabalu are all on schedule to realise full operation between the third quarter and end 2009.

Property Investment & Management achieved an average occupancy of 92% for its portfolio of properties with the exception of The Gardens North Tower which only commenced letting in July 2008. Both the Gardens North and South Towers further enhanced their appeal with the receipt of MSC Cybercentre status by Mid Valley City and some 300,000 square feet of office space is now available for MSC Malaysia status companies.

PROSPECTS

Given the uncertainties in the local and global economic stage, 2009 will be a challenging one for all. With competition getting more and more intense for a much reduced pie in just about all areas of industry, the Group will make every effort to ensure market share in our core businesses are maintained and, where possible, increased.

ACKNOWLEDGEMENT & APPRECIATION

The success of the Group owes much to the skills and commitment of the management team. To them, I extend the Group's gratitude for their dedication and contribution. I wish also to record our thanks and appreciation to the relevant authorities for their continued cooperation and assistance. To our shareholders and business partners, our sincere appreciation for your continued support and contributions to our achievements in 2008. To my fellow Board members, thank you for your advice and support.

TAN SRI ABU TALIB BIN OTHMAN
Chairman

Managing Director's Review of Operations

Dear Shareholders,

Financial year ended 31 December 2008 saw Group revenue and pre-tax profit at RM688.2 million and RM208.3 million, both up 2% from the previous year's RM673.9 million and RM204.2 million respectively.

An interim dividend of 2.5% tax exempt and 2.5% less tax for financial year ended 31 December 2008 was paid on 26 September 2008.

The year in review saw the streamlining of the Group's non-core assets marked by the disposal of our stake in Gleneagles Hospital (Kuala Lumpur) Sdn Bhd to Pantai Irama Ventures Sdn Bhd which was completed on 19 November 2008.

PROPERTY DEVELOPMENT

The division's contribution to Group revenue was RM180.3 million or 31% lower than the previous year. Segment results before finance costs and tax were also significantly lower at RM5.2 million. This is mainly attributable to the fact that there were no new launches during the year as well as a provision for impairment of RM47.0 million for the Group's development land at Labu.

The twin 30-storey high-end mixed-use development of luxury residential, office and retail units on Kuala Lumpur's Golden Triangle, Hampshire Place saw the most activities with 93% of units sold by the first half of 2008. Meantime, construction reached level 13 by year-end and preparations have commenced for the marketing of the 'build-to-lease' office tower. Meanwhile, the 20-storey One Jelatek condominium is making good progress and will see completion on schedule in 2010.

In anticipation of vacant possession in 2009, construction was accelerated at Laman Sierramas West, a gated and guarded residential community of 47 tropical courtyard terraces and two semi-detached homes.

On the commercial front, Dataran Jelatek, a three-storey building of 10 exclusive shops was sold enbloc, allowing an operator to cater to the retail convenience of Seri Maya residents. Strategically located on Jalan Jelatek, further convenience is afforded by the overhead pedestrian bridge that links Dataran Jelatek with the Setiawangsa LRT Station.

The good news for Seri Maya's Savanna and Cendana on Sultan Ismail owners is that both have seen an appreciation in the initial purchase price, even in this difficult time. Launched in 2005, Cendana on Sultan Ismail is one of the first condominiums in the city to have a link bridge to a hotel; the Renaissance Kuala Lumpur Hotel, thus allowing residents easy access to hotel services, from cleaning and housekeeping to laundry, concierge and food & beverage catering services. The 42-storey 'bungalows in the sky' development was completed and handed over in stages starting July 2008.

The year in review also saw development approvals given for three new projects that are targeted for launch in 2009/2010. Two are in the Ampang Hilir conurbation and the third, on Jalan Tun Razak.

IGB took runner-up position in The Edge's Top Ten Property Developers Awards 2008, marking the sixth consecutive year the Group's achievements in the industry have been recognised.

RETAIL

KrisAssets Holdings Berhad registered a 7.8% increase in pre-tax profit to RM115.3 million compared to the previous year's RM107.0 million (excluding the fair value gain on investment property of RM70.0 million) on the back of a 5.4% increase in revenue to RM216.6 million.

Mid Valley City (MVC) continued to increase its market presence in a softening market. The Mid Valley Megamalll (Megamalll) notched up nine years of operations with visitor arrivals breeching the 30 million mark. The Mid Valley KTM Komuter and shuttle bus service alone transported an estimated 2.2 million and 500,000 visitors respectively to the mall.

For the year under review, tenancies renewed and new tenants were up by seven to 138 and 41 respectively. Newcomers such as adidas Originals, Jaspal, NICHII, Reject Shop and Che Che New York, delicious, Steven's Tea Garden, Spaghetti Grill, Pasta Zanmai & Shojikiya, Patchi, Kenko Reflexology & Fish Spa, Getha and Ogawa; have added even more variety and 'spice' to an existing complement of specialty stores, carts and kiosks across product categories. IT buffs weren't forgotten with the opening of a 14,600 square feet IT section that welcomes leading names such as Acer, Asus, Lenovo and Dell, to name but a few.

For the second year in a row, the Megamalll took home the Grand Prize in the "Best Decorated Mall Contest" organised by Tourism Malaysia and the Shopping Malaysia Secretariat and co-organised by the Persatuan Pengurusan Kompleks Malaysia (Shopping Complexes Association of Malaysia). Held in conjunction with the Malaysia Savings Sale and Christmas 2008, this year's event was themed "Evergreen Christmas".

Managing Director's Review of Operations (continued)

The physical completion of a dedicated Boulevard entrance and bridge link to the Megamalll, coupled with a strong branding campaign, easier accessibility, the allocation of 3,800 dedicated car parks for The Gardens Mall and the staggered opening of The Gardens Hotel and the Gardens North and South Towers have seen a gradual increase in traffic and sales pick-up for The Gardens Mall. Together with the other four components within The Gardens blueprint and the completion of the 208-unit The Gardens All-Suite Residences in the second half of 2009, The Gardens Mall continues to position itself as one of the top destinations in the Klang Valley for upscale shopping and dining. By fourth quarter of 2008, the leasing out of another 60,000 sq ft of retail space, despite extremely challenging economic conditions, saw occupancy reach 96%. The tenant roster now includes Red Box with over 16,000 square feet, XTRA and Food Garden with over 18,000 square feet, specialty tenants such as Bimba & Lola and Kate Spade, as well as several food and beverage outlets.

To remain competitive, emphasis has been placed on consistent on-ground promotional campaigns, branding awareness in the media and targeted PR events to attract the desired high-spending market segment. In addition, a Mid Valley City/HSBC collaboration was launched in October with a two-fold objective of tapping into HSBC's 1.1 million database and to reward regular shoppers with incremental benefits.

HOTEL

The Hotel division performed marginally below expectations for year ended 31 December 2008 with total revenue of RM135.3 million against RM136.8 million in 2007. With regards to overseas properties, a volatile exchange rate environment saw the Pound Sterling devalued by 9% and the USD appreciating by the same margin against the Ringgit. Despite the volatility in exchange rates, both St Giles London and MiCasa Hotel Yangon chalked up 5% and 18% improvement in operating revenue respectively.

During the year, MiCasa All-Suite Hotel was closed for a major refurbishment programme and is scheduled to open in the second half of 2009.

The Gardens Hotel Tower officially opened with 150 rooms on 25 June 2008 and the 448-room property will be fully operational by August 2009. The Gardens Residences will only realise full operation in the second half of 2009.

PROPERTY INVESTMENT & MANAGEMENT

With the total portfolio under management at approximately 2.2 million square feet of net lettable area, the division met expectations with a contribution to total Group revenue exceeding RM60.0 million and achieving an average occupancy rate of 92% for properties under its wing. This is excluding The Gardens North Tower which, since letting commenced in July 2008, has received very encouraging response. To date, there is already a 35% tenancy and strong interests from several multinational and large local corporations. The high occupancy of the Mid Valley City offices continues to contribute directly to the Group's other activities through the generation of ongoing business opportunities and a stable customer base for the retail and hospitality divisions.

September 2008 saw The Gardens North and South Towers receive MSC Cybercentre status. This will add to the appeal of both properties as businesses here will enjoy world-class services. At the same time, with some 300,000 square feet reserved for MSC Malaysia status companies, such operations will now be able to remain closer to their businesses in the city centre and adjacent areas in the Klang Valley.

CONSTRUCTION

For the year in review, the Construction division's revenue was RM155.0 million and projects completed were Cendana on Sultan Ismail and The Gardens North and South Towers. The division remains busy with on-going projects including U-Thant Residences on Jalan Taman U-Thant in Kuala Lumpur's Embassy Row and The Gardens Hotel and Residences.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group's annual scholarship and bursary programme is a part of IGB's and The Dato Tan Chin Nam Foundation's efforts in contributing to the community. The concept of the Foundation is anchored in the principle of "Continuous Care". IGB Senior Management staff act as mentors to the scholars, providing guidance and emotional support throughout the course of their tertiary education. This year, after a meticulous round of short-listing and interviews by the committee, successful students were offered full scholarship amounting to RM40,000 each for the duration of their studies. Another batch of students were given a one-time cash grant as financial aid to help kickstart their varsity journey.

The value of the scholarships and bursaries handed out in 2008 exceeded RM400,000. Graduating students will be provided with job opportunities within the Group.

The year in review also saw many exciting CSR activities and events held for the less fortunate to mark the various festivals. The Gardens Mall, together with Boulevard Hotel, Cititel Mid Valley and the Megamalll's tenants, celebrated Chinese New Year 2008 with a charity gathering for the elderly with the support of the Malaysian Animal-Assisted Therapy for the Disabled Association, Petpositive, the first and only nationally registered non-profit society which uses animals to empower the lives of the disabled and elderly.

In September, the Megamall hosted a *Majlis Berbuka Puasa* for orphans from Asrama Damai. Each child also received *duit Raya* and a goodie bag. For Christmas, underprivileged children from Trinity Children's Home were invited to a Christmas outing organised in conjunction with the kick-off of the Megamalll's annual Come-Meet-Santa fund raising programme. The Home later received the cash contribution in a simple ceremony.

Managing Director's Review of Operations (continued)

The Megamalll again hosted the 28th Astro-IGB Merdeka Rapid Open Team Chess Championship and the 5th IGB Dato Arthur Tan Malaysia Open Chess Championship in August 2008 in memory of the late director of the Group, and to promote chess in the country.

The year ended with a New Year celebration where The Gardens Mall and The Megamalll hosted two exclusive evenings and a gala dinner featuring The Supremes at The Gardens Ballroom. Clients and business partners were invited for that special night.

THE YEAR AHEAD

2008 was indeed an eventual year of change; in the political landscape, runaway fuel prices and inflation, and a financial meltdown that continues to reverberate globally. The latter in turn, has seen a softening of the property market and slowdown in private consumption. Against this backdrop, the Group should be able to remain resilient given our relatively strong recurring income portfolio and commitment to quality deliverables and return on investment via a strengthening of our premium branding for high-quality products in the mid to high-end segments, particularly in growth areas such as KLCC, Ampang Hilir, Wangsa Maju, Desa Pandan, Mid Valley City and Sungai Buloh. We believe the positioning of our properties in the commercial office market and tenant mix over the years, coupled with the delivery of quality services and conscientious asset preservation strategies will hold us in good stead in the prevailing challenging environment.

Our retail ventures will continue to institute improvements to 'soft' finishes and the completion of The Gardens Hotel & Residences will add to the customer experience by maintaining a high level of personalised customer services, facilities and security in line with our valued-guest philosophy to ensure that every visit is well-worth a return.

For the Hotels division, The Gardens Hotel & Residences should be fully-operational by August 2009 and the MiCasa All-Suite Hotel will re-open in October after a 21-month closure for major renovations. In our expansion programme for the Cititel Express brand, the 275-room Cititel Express Kota Kinabalu is expected to commence operations in August 2009 while we are optimistic the relevant approvals for Cititel Express hotels in Ipoh and Penang will be obtained by the second half of 2009. Over in the Philippines, the construction of the 512-room St Giles in Makati is progressing well and targeted for opening in second quarter of 2010. Our main challenge for the current year is to ensure we maintain our market share in the face of global economic and financial uncertainty.

CONCLUSION

I would like to extend thanks and gratitude to the management and staff for their hard work and unceasing efforts during the year in review and call on all to continue to work as a team and remain committed to achieving the Group's goals as we ride out an uncertain economic environment in the near to medium-term.

To my fellow Board members, I thank you for your continued guidance and support.

ROBERT TAN CHUNG MENG
Managing Director

Corporate Governance Statement

The Malaysian Code on Corporate Governance ('Code') sets out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Directors ('Board') of IGB is supportive of the adoption of the principles and best practices as enshrined in the Code throughout the Group. It is recognised that high standards of corporate governance are imperative to safeguard the interests of all stakeholders and to enhance shareholders' value.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the best practices of good governance as set out in the Code pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Securities. These principles and best practices have been applied throughout the financial year ended 31 December 2008 ('FY2008').

I. BOARD

(1) Board responsibility

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business 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 Board Committees which also meet regularly.

(2) Board balance

The Board, led by an Independent Non-Executive Chairman, has 11 members, comprising 8 Non-Executive Directors ('NEDs') and 3 Executive Directors ('EDs'), with 4 of the 8 NEDs being Independent Directors. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group. A brief description of the background of each Director is set out in the Profile of the Board of Directors.

The roles of the Chairman and the Managing Director ('MD') are distinct and separate to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the MD has overall responsibility for the day-to-day management of the Group and together with the EDs ensure that strategies, policies and matters approved by the Board and/or the Executive Committee ('Exco') are effectively implemented. The presence of Independent Directors fulfils a pivotal role in corporate accountability. Essentially, Independent Directors provide independent and constructive views in ensuring that the strategies proposed by the management are fully studied and deliberated in the interest of the Group and the stakeholders.

Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman is the Senior Independent NED to whom concerns relating to the affairs of the Group may be conveyed.

(3) Board meetings

The Board meets at least 4 times a year, with additional meetings convened as and when necessary. During FY2008, 4 Board meetings were held, and the attendance record of each Director was as follows:

	Number of meetings attended	Percentage
Tan Sri Abu Talib bin Othman	4	100
Robert Tan Chung Meng	4	100
Tan Boon Seng	3	75
Tan Boon Lee	4	100
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	4	100
Tan Kai Seng	4	100
Yeoh Chong Swee	4	100
Tan Lei Cheng	4	100
Pauline Tan Suat Ming	4	100
Tony Tan @ Choon Keat	3	75
Datuk Abdul Habib bin Mansur	4	100
Chua Seng Yong (alternate to Robert Tan)	4	100

Corporate Governance Statement (continued)

(4) Supply of information

Board reports include, among others, information on the Group's operational, financial and corporate issues, divisional performance, budget reports, minutes of Board Committees, statistics of shareholdings, securities transaction of the Directors and major shareholders, are circulated to all Directors ahead of the scheduled meetings to enable the Directors to obtain further explanations or clarification, where necessary. A record of the Board's deliberations of the issues discussed and conclusions reached in discharging its duties and responsibilities is captured in the minutes of each meeting.

The Directors are also notified of any corporate announcement released to Bursa Securities and the impending restriction in dealing with the securities of the Company prior to the announcement of the financial results or corporate proposals. The Directors are also kept informed of the various requirements and updates issued by the regulatory authorities.

All Directors have direct access to the advice and services of the senior management and the company secretary in furtherance of their duties. They are also permitted to seek independent advice whenever deemed necessary, at the Company's expense.

(5) Board Committees

The Board delegates certain responsibilities to several Board Committees that operate within clear defined terms of reference. The Chairmen of the various committees report the outcomes of their committee meetings to the Board, and any further deliberation is made at Board level if required.

(a) Exco

The Exco comprises 2 EDs, the MD and a Non-Independent NED, namely Tan Boon Seng (Chairman), Robert Tan Chung Meng, Tan Boon Lee and Pauline Tan Suat Ming. The Exco has full authority as delegated by the Board to oversee the conduct of the Group's businesses or existing investments and to review and/or implement strategic plans for the Group with restricted authority given by way of limits determined by the Board, and to undertake such functions 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 management's recommendations on key issues including acquisitions, divestments, restructuring, funding and capital expenditure. Major investment decisions and management's proposals above certain limits are reserved for decision by the Board upon recommendation of the Exco. Special Exco meetings are also held on an ad hoc basis to review the Company's quarterly results or matters that require Exco's approval.

The Exco met 4 times in FY2008 and the attendance of each member of the Exco was as follows:

	Number of meetings attended
Tan Boon Seng	4
Robert Tan Chung Meng	4
Tan Boon Lee	4
Pauline Tan Suat Ming	3

(b) Audit Committee ('AC')

The AC comprises 3 Independent NEDs and a Non-Independent NED, namely Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman (Chairman), Yeoh Chong Swee, Tan Kai Seng and Tony Tan @ Choon Keat. With an independent component of 75% and comprised of NEDs, the composition of AC is fully compliant with the Code and the Listing Requirements.

The AC holds quarterly meetings to review matters including the Group's financial reporting, the audit plans for the year, related party transactions as well as to deliberate the reports of the internal and external auditors.

AC meetings are scheduled prior to Board meetings and the minutes of AC proceedings are presented to the Board for notification. Any issue raised or recommendation made by AC is tabled for the Board's deliberation and approval.

The terms of reference of AC were revised during the year to ensure consistency with the revisions to the Code and the Listing Requirements. Further details of the terms of reference and activities of AC during FY2008 are set out in the Audit Committee Report.

Corporate Governance Statement (continued)

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

The NC comprises 2 Independent NEDs and a Non-Independent NED, namely Tan Sri Abu Talib bin Othman (Chairman), Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman and Pauline Tan Suat Ming. The NC recommends suitable candidates for appointments to the Board, including Committees of the Board as well as endorse the re-election and/or re-appointment of Directors at the Company's Annual General Meeting ('AGM'), subject to the approval of the shareholders. In addition, NC assesses the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director on an annual basis as well as reviews succession plans for members of the Board. The NC meets as and when required. The NC met once in FY2008 which was attended by all members.

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

The RC comprises 2 Independent NEDs and the MD, namely Tan Sri Abu Talib bin Othman (Chairman), Yeoh Chong Swee and Robert Tan Chung Meng. The RC recommends to the Board the policy framework on terms of employment of and on all elements of the remuneration of the MD and EDs. The RC is also authorised to review and approve the annual salary increments and bonuses of the MD, EDs and senior managers of the Company. The RC meets as and when required. The RC met once in FY2008 which was attended by all members.

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

The RMC comprises the members of Exco. The RMC is to review and articulate the strategies and policies relating to the management of the Group risk and ensure that risk policies and procedures are aligned to the business strategies and risk return directions of the Board are properly implemented.

(f) **Share & ESOS Committee ('SEC')**

The SEC comprises the MD and 2 EDs, namely Robert Tan Chung Meng, Tan Boon Seng and Tan Boon Lee. The SEC is responsible for regulating and approving securities transactions and registrations, and for implementing, allocating and administering the ESOS and the Share Buy-Back of the Company.

(6) **Appointment, Re-election and Re-appointment of Directors**

The NC is responsible for making recommendations to the Board on the appointment of new Directors to the Board as well as the re-appointment or re-election of Directors seeking re-appointment or re-election at the AGM.

The Company's Articles of Association ('Articles') provides that all Directors should submit themselves for re-election at least once every 3 years in compliance with the Listing Requirements. The Articles also provide that 1/3 of the Board shall retire from office and be eligible for re-election at every AGM. Directors over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Act.

During FY2008, there were no new appointments to the Board. The names and details of Directors seeking re-election and re-appointment at the forthcoming AGM are disclosed in the Notice of AGM and the Profile of the Board of Directors.

(7) **Directors' Training**

During FY2008, all Directors had attended various training programmes, seminars and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The training programmes and seminars attended by Directors in 2008 were, inter alia, on areas relating to corporate governance, financial reporting standards, Malaysian Taxation and Budget 2009 and investment.

II. 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 Directors of the calibre needed to run the Group efficiently. In the case of the MD and EDs, the components of Directors' remuneration are structured on the basis of linking rewards to corporate and individual performance. Performance is measured against profits and other targets set from the Company's annual budget and plans. For NEDs, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual NED concerned. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are also taken into consideration in determining the remuneration packages for the Directors.

The fees payable to NEDs are determined by the Board with the approval of shareholders at AGM. All NEDs are paid meeting allowances for attending each Board or Committee Meeting.

Corporate Governance Statement (continued)

The aggregate remuneration of Directors categorised into appropriate components during the year was as follows:

	Salaries RM	Fees RM	*Other Emoluments RM	**Benefits-in-kind RM	Total RM
EDs	1,728,000	-	1,628,750	81,510	3,438,260
NEDs	-	260,000	145,500	9,690	415,190
Total	1,728,000	260,000	1,774,250	91,200	3,853,450

Notes:
* Other emoluments include: bonuses, incentives, retirement benefits, provisions for leave and allowances.
** Benefits-in-kind include: rental payments, motor vehicles, club memberships and personal expenses.

The aggregate remuneration of Directors in respective bands of RM50,000 during the year was as follows:

Range of Remuneration	ED	NED
Below RM50,000	-	7
RM100,001 to RM150,000	-	1
RM300,001 to RM350,000	2	-
RM450,001 to RM500,000	1	-
RM2,250,001 to RM2,300,000	1	-

Notes:
1. For security and confidentiality reasons, the details of Directors' remuneration are not shown with reference to Directors individually. The Board is of the view that the transparency and accountability aspects of the corporate governance on Directors' remuneration are appropriately served by the band disclosure made.
2. 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.

III. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. In addition to the various announcements made to Bursa, the timely release of quarterly and annual financial results provides shareholders and investing public with an overview of the Group's performance and operations. The Group has a website at http://www.igbcorp.com from which investors, analysts and shareholders can access information.

The Group has a Corporate Affairs Division which provides a platform for two-way communication between the Company and shareholders and investors. During FY2008, the Company conducted monthly briefings and meetings with investors and financial analysts to provide updates and new developments, based on permissible disclosures. However, information that is price-sensitive or that may be regarded as undisclosed material information about the Group is not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

AGM, usually held in May each year, is the principal forum for dialogue with shareholders. At each AGM, the Board encourages shareholders to participate in the question and answer session. The Chairman, the MD and EDs respond to shareholders' questions, where appropriate, during the meeting. The external auditors also present to provide their professional and independent view, if required, on issues or concern highlighted by shareholders. A press conference is normally held after AGM.

IV. ACCOUNTABILITY AND AUDIT

(1) Financial reporting

In presenting the annual financial statements and quarterly results to shareholders, the Board aims to present a balanced and understandable assessment of the Group's financial position, performance and prospects.

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Act and MASB 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 to present a true and fair assessment of the Company's position and prospects. Quarterly and annual financial statements were reviewed by AC and approved by the Board prior to release to Bursa Securities. The Statement by Directors made pursuant to Section 169(15) of the Act is set out in the Financial Statements.

Corporate Governance Statement (continued)

(2) Internal control

The Code requires the Board to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Group's inherent system of internal control is designed to provide reasonable but not absolute assurance against material misstatements, fraud and loss.

An overview of the state of internal control of the Group is set out on in the Statement of Internal Control.

(3) Relationship with auditors

The Board maintains a formal and transparent professional relationship with the Group's auditors, both external and internal, through AC.

V. OTHER INFORMATION

(1) Material contracts

Neither the Company or any of its subsidiaries had entered into any material contract which involved Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year or which was entered into since the end of the previous financial year.

(2) Share Buy-Back

Details of the Company's share buy-back exercises for the year under review is set out in the Financial Statements.

(3) Non-audit Fees

The non-audit fees paid to PricewaterhouseCoopers Taxation Services Sdn Bhd for FY2008 amounted to RM245,500.00 relating to tax compliance and consultancy.

(4) Recurrent Related Party Transactions ('Recurrent RPTs')

At the last AGM held on 28 May 2008, the Company obtained a shareholders' mandate to allow the Group to enter into Recurrent RPTs.

In accordance with Section 4.1.5 of Practice Note No. 12/2001 issued by Bursa Securities, the details of Recurrent RPTs conducted during FY2008 pursuant to the shareholders' mandate were as follows:

Nature of Recurrent RPTs	Transacting Parties	Interested Related Parties	Aggregate Value RM
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security & support services ▪ Purchase/supply of building materials & related products	KrisAssets Holdings Berhad group of companies ('Kris Group')	Robert Tan Chung Meng ('RTCM')[a] Tan Boon Seng ('TBS')[b] Tan Lei Cheng ('TLC')[c] Tan Boon Lee ('TBL')[d] Pauline Tan Suat Ming ('PTSM')[e] Tony Tan @ Choon Keat ('TTCK')[f] Dato' Tan Chin Nam ('DTCN')[g] Daniel Yong Chen-I ('DYCI')[h] Elizabeth Tan Hui Ning ('ETHN')[i] Goldis Berhad ('Goldis')[j] Tan Chin Nam Sdn Bhd ('TCNSB')[k] Tan Kim Yeow Sdn Bhd ('TKYSB')[l] Wah Seong (Malaya) Trading Co. Sdn Bhd ('WSTSB')[m]	20,128,239-89
▪ Purchase/supply of building materials & related products ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any one of the percentage ratios in the Listing Requirements ▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum	Wah Seong Corporation Berhad group of companies ('WSCB Group')	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] DYCI [h] ETHN [i] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	17,280-00

Corporate Governance Statement (continued)

Nature of Recurrent RPTs	Transacting Parties	Interested Related Parties	Aggregate Value RM
▪ Purchase/procurement of information technology relating to products & consultancy services ▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security & support services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any one of the percentage ratios in the Listing Requirements	Goldis group of companies ('Goldis Group')	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] DYCI [h] ETHN [i] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	586,737-72
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security & support services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any one of the percentage ratios in the Listing Requirements	WSTSB group of companies ('WSTSB Group')	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] DYCI [h] ETHN [i] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	6,451,376-40
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security & support services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any one of the percentage ratios in the Listing Requirements	TCNSB	TBS [b] TLC [c] TBL [d] DTCN [g] Goldis [j] TCNSB [k] WSTSB [m]	5,398-68

Corporate Governance Statement (continued)

Nature of Recurrent RPTs	Transacting Parties	Interested Related Parties	Aggregate Value RM
▪ Legal advisory & consultancy services by solicitors ▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum	Jeyaratnam & Chong	TBS [b] TLC [c] TBL [d] DTCN [g]	112,357-00
▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security & support services	Mayside Engineering S.A.	Antony Patrick Barragry ('APB')[n]	120,000-00
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum	Lamanila Café Sdn Bhd	Yeoh Chong Swee ('YCS')[o]	115,584-00
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security & support services	Subsidiaries of IGB ▪ Cititel Hotel Management Sdn Bhd ▪ Tan & Tan Realty Sdn Bhd	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] DYCI [h] ETHN [i] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	4,326,909-00

Nature of Interest:

[a] RTCM is a Director of IGB Group, Kris Group, WSCB Group, WSTSB Group and TKYSB Group. He is a Major Shareholder of IGB, Kris, Goldis, WSCB and TKYSB. He is the father of ETHN and a brother of PTSM and TTCK.

[b] TBS is a Director of IGB and WSTSB Group. He is a Major Shareholder of Goldis. He is a son of DTCN and a brother of TLC & TBL; and a brother-in-law to Chong Kim Weng ('CKW'), a senior partner of J&C.

[c] TLC is a Director of IGB Group, Kris Group, Goldis Group, TCNSB and WSTSB. She is a daughter of DTCN and a sister of TBS & TBL; and the spouse of CKW.

[d] TBL is a Director of IGB Group, Kris, Goldis Group, TCNSB and WSTSB Group. He is a son of DTCN and a brother of TBS & TLC; and a brother-in-law to CKW.

[e] PTSM is a Director of IGB, Goldis, WSCB, WSTSB Group and TKYSB Group. She is a Major Shareholder of IGB, Kris, Goldis, WSCB and TKYSB. She is the mother to DYCI and a sister of RTCM & TTCK.

[f] TTCK is a Director of IGB, TKYSB Group and WSTSB Group. He is a Major Shareholder of IGB, Kris, Goldis, WSCB and TKYSB. He is a brother of RTCM & PTSM.

[g] DTCN is a Director of TCNSB and WSTSB Group. DTCN is the father of TBS, TLC & TBL; and the father–in-law to CKW.

[h] DYCI is a Director of IGB Group and Kris Group. He is a son of PTSM.

[i] ETHN is alternate to RTCM on the Board of Kris. She is a daughter to RTCM.

[j] Goldis is a Major Shareholder of IGB and Kris and a Person Connected to RTCM, TBS, DTCN, PTSM, TTCK, TKYSB, TCNSB and WSTSB.

[k] TCNSB is a Major Shareholder of IGB, Kris, Goldis, WSCB and WSTSB and a Person Connected to DTCN.

[l] TKYSB is a Major Shareholder of IGB, Kris, Goldis, WSCB and WSTSB and a Person Connected to RTCM, PTSM and TTCK.

[m] WSTSB is a Major Shareholder of IGB, Kris, Goldis, WSCB, CHM and TTR and a Person Connected to RTCM, DTCN, PTSM, TTCK, TCNSB and TKYSB.

[n] APB is a Director of IGB Group. He is also a Director and Major Shareholder of ME.

[o] YCS is a Director of IGB. He is the spouse of Yik Lian Ing, a Director and Major Shareholder of LM.

The Board is satisfied that the Company has, in all material aspects, complied with the best practices of the Code as at 31 December 2008.

Audit Committee Report

I. FORMATION

The Audit Committee ('AC') was established by the Board on 12 April 1994.

II. OBJECTIVES

The primary objectives of AC are:

(a) ensure transparency, integrity and accountability in the Group's activities so as to safeguard the rights and interests of shareholders;
(b) 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; and
(c) maintain through regularly scheduled meetings, a direct line of communication between the Board, senior management, internal and external auditors.

III. TERMS OF REFERENCE

The terms of reference of AC were revised by the Board on 6 February 2009 in line with the amendments to the Code and the Listing Requirements of Bursa Securities.

The AC is governed by the following terms of reference, as revised:

(1) Membership

AC members shall be appointed by the Board upon the recommendations of the Nomination Committee and shall consist of not less than three members. All AC members must be NEDs, a majority of whom shall be Independent Directors. AC members should be financially literate, and at least one of whom shall be a member of the Malaysian Institute of Accountants or fulfils such other requirements as prescribed in Chapter 15.10 of the Listing Requirements. AC Chairman shall be an Independent NED. No alternate Director shall be appointed to AC.

(2) Authority

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

(a) investigate any activity within its terms of reference or as directed by the Board;
(b) obtain the resources required to perform its duties;
(c) full and unrestricted access to information pertaining to the Group;
(d) direct communication channels with the external and internal auditors, as well as all employees of the Group; and
(e) obtain independent professional advice as necessary.

(3) Duties

The following are the main duties and responsibilities of AC collectively:

(a) review the quarterly results and annual financial statements before submission to the Board for approval, focusing primarily on:

- going concern assumption;
- changes and implementation of new accounting policies and practices;
- major judgemental areas, significant and unusual events; and
- compliance with accounting standards, regulatory and other legal requirements.

(b) review and discuss with the external auditors of the following:

- audit plan and scope of work;
- audit reports, management's response and actions taken;
- evaluation of the system of internal controls; and
- issues and reservations arising from audits.

(c) review the following in respect of internal auditors:

- adequacy of scope, functions, competency and resources of internal audit functions and the necessary authority to carry out its work;
- audit plans, programme and activities;
- programme, processes and results of internal audit reviews or investigation including recommendations and actions taken;

Audit Committee Report (continued)

- effectiveness of the system of internal controls;
- major findings of internal audit investigations and management's responses and actions;
- assessment of the performance of internal audit staff;
- appointment or termination of senior staff members of internal audit; and
- resignations of internal audit staff members and provide resigning staff member an opportunity to submit his/her reason for resignation.

(d) review related party transactions ('RPTs') and conflict of interest situations that may arise, including any transaction, procedure or course of conduct that raises questions of management integrity.

(e) consider and recommend the nomination and appointment, the audit fee and any questions of resignation, dismissal or re-appointment of external auditors.

(f) report promptly to Bursa Securities on any matter reported by it to the Board which has not been satisfactorily resolved resulting in breach of the Listing Requirements.

(g) review all prospective financial information provided to the regulators and/or the public.

(h) prepare reports, if the circumstances arise or at least once a year, to the Board summarising the work performed in fulfilling AC's primary responsibilities.

(i) act on any matters as may be directed by the Board from time to time.

(4) Meetings

AC meetings shall be held at least four times a year. Other Board members and senior management may attend meetings upon the invitation of AC. At least twice a year, AC shall meet with external auditors without any executive officer of the Group being present. The external and internal auditors may request a meeting by notifying the company secretary if deemed necessary.

The quorum for AC meeting shall be 2 members present in person and a majority of whom must be independent NEDs. In the absence of the AC Chairman, the members present shall elect a Chairman for the meeting amongst AC members present.

AC minutes shall be distributed to the Board, and AC Chairman shall report on key issues to the Board.

IV. COMPOSITION

The members of AC during FY2008 were as follows:

Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman, AC Chairman (Senior Independent NED)
Tan Kai Seng (Independent NED)
Yeoh Chong Swee (Independent NED)
Tony Tan @ Choon Keat (Non-Independent NED)

V. MEETINGS AND ATTENDANCE

The AC met on four occasions during FY2008 and the attendance of each AC member was as follows:

	Number of meetings attended
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	4
Tan Kai Seng	4
Yeoh Chong Swee	4
Tony Tan @ Choon Keat	3

The Group Chief Financial Officer, Head of Group Internal Audit ('GIA') and Company Secretary were present at all AC meetings to present their respective reports to AC. The external auditors, PricewaterhouseCoopers ('PwC') attended 2 AC meetings in 2008 to present the Auditors' Report on the annual financial statements FY2007 and Auditors' Audit Plan FY2008. The AC also met alone with PwC twice in 2008 without the presence of EDs or management to make enquiries in relation to management's co-operation in financial reporting, and the state of affairs of GIA function.

Audit Committee Report (continued)

Deliberations during AC meetings including the issues discussed and rationale for decisions were recorded. AC minutes were tabled for confirmation at the subsequent AC meeting and distributed to the Board for notation. The AC Chairman also conveyed to the Board matters of significant concern and including those raised by PwC.

VI. SUMMARY OF ACTIVITIES

A summary of the activities performed by AC during FY2008 were as follows:

(1) Financial Reporting

Reviewed and recommended for Board approval the quarterly financial results announcements and the year end financial statements of the Group.

(2) External Audit

(a) Recommended to the Board the appointment and remuneration of PwC.
(b) Reviewed PwC's audit strategy, plan and scope of work for the year.
(c) Reviewed and directed follow-up action, when needed, the findings of PwC on the results of the external audits.
(d) Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with PwC without the presence of executive board member and management staff.

(3) Internal Audit

(a) Reviewed and approved the annual audit plan proposed by GIA which covered projects and entities across all levels of operations within the Group.
(b) Reviewed and directed follow-up action, when needed, on GIA reports on the Group and ad hoc assignments.
(c) Reviewed GIA reports on the effectiveness and adequacy of internal controls, risk management, compliance and governance processes.

(4) RPTs

Reviewed RPTs that arose within the Group.

VII. INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by GIA Division, which reports to AC on its activities based on the approved annual GIA plan. GIA Division adopts a risk-based auditing approach, taking into account global best practices and industry standards. The main role of GIA Division is to provide AC with independent and objective reports on the effectiveness of the system of internal control within the Group. GIA reports arising from assignments were issued to management for their response on their proposed corrective actions and/or status of implementation of audit recommendations. GIA reports were subsequently tabled to AC for their deliberation.

The costs incurred for GIA function in respect of FY2008 amounted to RM525,000.

Further details of the activities of GIA are set out in the Statement of Internal Control.

Statement of Internal Control

RESPONSIBILITY

The Board of Directors recognises 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 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 MANAGEMENT

The Risk Management Committee comprised members of the Executive Committee with the Managing Director as the advisor. Risk management is an ongoing process for identifying, evaluating, managing and reviewing significant risks faced by the businesses in the Group. The risk management process involved 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 have been 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, organisational and compliance issues, it has delegated to executive management the implementation of the system of internal control.

The main elements in the internal control framework include:

- an organisational 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 executive management 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 review and improvement;
- regular reporting of accounting and legal developments to the Board;
- structured limits of authority, which provides a framework of authority and accountability within the Group, and which facilitates timely corporate decision making at the appropriate levels in the Group; and
- appointment of employees of the necessary caliber to carry out the assigned responsibilities.

The Group Internal Audit function monitors compliance with policies and standards and the effectiveness of internal controls in the 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 reports on the function's work and findings and regular updates on specific issues.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's system of internal control. Some 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.

Analysis of Shareholdings
as at 6 April 2009

Authorised Share Capital	:	RM1,200,000,000	
Issued and Paid-up Share Capital	:	RM745,148,003.50*	
Class of Shares	:	Ordinary shares of RM0.50 each	
Voting Rights	:	On show of hands	- 1 vote
		On a poll	- 1 vote for each share held

* inclusive of 23,256,100 treasury shares

I. SIZE OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	564	17,575	0.00
100 to 1,000	2,876	2,296,177	0.16
1,001 to 10,000	10,007	39,839,059	2.72
10,001 to 100,000	2,339	61,522,843	4.19
100,001 to less than 5% of issued shares #	432	1,026,915,029	70.00
5% and above of issued shares	1	336,449,224	22.93
	16,219	**1,467,039,907**	**100.00**

excluding 23,256,100 shares bought-back by the Company and retained as treasury shares as at 6 April 2009

II. REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct	% of Issued Shares#	Deemed	% of Issued Shares#
Goldis Berhad	381,349,224	25.99	27,715,575	1.89
Robert Tan Chung Meng	3,915,562	0.27	506,307,678	34.51
Pauline Tan Suat Ming	1,000,777	0.07	506,307,678	34.51
Tony Tan @ Choon Keat	–	–	506,307,678	34.51
Tan Chin Nam Sdn Bhd	52,016,945	3.55	478,910,746	32.64
Tan Kim Yeow Sdn Bhd	30,855,682	2.10	475,451,996	32.41
Wah Seong (Malaya) Trading Co. Sdn Bhd	43,285,359	2.95	430,346,387	29.33
Employees Provident Fund Board	120,092,790	8.19	–	–

III. THIRTY LARGEST SHAREHOLDERS

	No. of Shares	% of Issued Shares#
1. Goldis Berhad	336,449,224	22.93
2. Tan Chin Nam Sendirian Berhad	49,576,070	3.38
3. Employees Provident Fund Board	48,876,090	3.33
4. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank NA, Singapore (Julius Baer)	46,213,700	3.15
5. Public Invest Nominees (Asing) Sdn Bhd - Exempt AN for Public Bank (Nominees) Limited	44,900,000	3.06
6. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Credit Suisse (SG-BR-TST-Asing)	44,636,475	3.04
7. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	38,000,000	2.59
8. Wah Seong (Malaya) Trading Co. Sdn Bhd	35,888,059	2.45
9. HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Mgmt Malaysia for Employees Provident Fund	30,724,900	2.09
10. Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund KG67 for AIM International Emerging Growth Fund	27,777,100	1.89
11. Multistock Sdn Bhd	27,715,575	1.89
12. M & A Nominee (Asing) Sdn Bhd - Montego Assets Limited	27,439,150	1.87
13. Tan Kim Yeow Sendirian Berhad	25,871,432	1.76

Analysis of Shareholdings (continued)

as at 6 April 2009

III. THIRTY LARGEST SHAREHOLDERS (continued)

	No. of Shares	% of Issued Shares#
14. Alliance Group Nominees (Tempatan) Sdn Bhd - PHEIM Asset Management Sdn Bhd for Employees Provident Fund	22,000,000	1.50
15. Permodalan Nasional Berhad	21,998,775	1.50
16. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JP Morgan Chase Bank, National Association (Norges Bank)	18,730,600	1.28
17. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for HSBC Private Bank (Suisse) S.A. (Nassau AC CL)	15,605,800	1.06
18. Cartaban Nominees (Asing) Sdn Bhd - Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	14,667,000	1.00
19. Citigroup Nominees (Asing) Sdn Bhd - Chase Manhattan Trustees Limited for Pacific Trust (CBLDN)	13,975,400	0.95
20. Mayban Nominees (Asing) Sdn Bhd - DBS Bank for Ripley Services Limited (200932)	13,123,800	0.89
21. HSBC Nominees (Asing) Sdn Bhd - HPBS SG for Park Avenue Group Corporation	10,642,100	0.73
22. HSBC Nominees (Asing) Sdn Bhd - CS (LUX) S.A. for Credit Suisse Equity Fund (LUX) - Asian Property	10,494,600	0.72
23. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund	10,459,200	0.71
24. Citigroup Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad (INV-IL PAR)	10,254,800	0.70
25. Wah Seong Enterprises Sdn Bhd	9,551,714	0.65
26. Mayban Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	8,643,300	0.59
27. BBL Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dato Tan Chin Nam (100171)	8,407,204	0.57
28. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)	7,914,400	0.54
29. SLW Sdn Bhd	7,655,873	0.52
30. HSBC Nominees (Asing) Sdn Bhd - BNY Brussels for Perennial Global Property Securities Trust	7,361,319	0.50
	995,553,660	**67.86**

IV. REGISTER OF DIRECTORS' SHAREHOLDINGS IN IGB CORPORATION BERHAD

Name of Directors	Direct	% of Issued Shares#	Deemed	% of Issued Shares#
Tan Sri Abu Talib bin Othman	1,385,000	0.09	–	–
Robert Tan Chung Meng	3,915,562	0.27	506,307,678	34.51
Tan Boon Seng	–	–	16,104,975	1.10
Tan Boon Lee	2,895,574	0.20	–	–
Pauline Tan Suat Ming	1,000,777	0.07	506,307,678	34.51
Tan Lei Cheng	1,962,667	0.13	1,690,137	0.12
Tony Tan @ Choon Keat	–	–	506,307,678	34.51
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	560,316	0.04	187,875	0.01
Tan Kai Seng	92,750	0.01	–	–
Yeoh Chong Swee	–	–	53,500	–
Datuk Abdul Habib bin Mansur	–	–	–	–
Chua Seng Yong	51,006	–	–	–

Analysis of Shareholdings (continued)
as at 6 April 2009

V. REGISTER OF DIRECTORS' SHAREHOLDINGS IN KRISASSETS HOLDINGS BERHAD

Name of Directors	Direct	% of Issued Shares**	Deemed	% of Issued Shares**
Robert Tan Chung Meng	–	–	247,529,056	74.81
Pauline Tan Suat Ming	–	–	247,529,056	74.81
Tony Tan @ Choon Keat	–	–	247,529,056	74.81
Tan Boon Lee	1,100	negligible	–	–
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	29,864	0.01	10,013	negligible
Tan Kai Seng	4,743	negligible	–	–
Chua Seng Yong	1,424	negligible	–	–

** Based on issued & paid-up share capital of 330,893,389 less 100,000 treasury shares as at 6 April 2009.

VI. REGISTER OF DIRECTORS' WARRANTHOLDINGS IN KRISASSETS HOLDINGS BERHAD

Name of Directors	Direct	% of Outstanding Warrants*	Deemed	% of Outstanding Warrants*
Tan Sri Abu Talib bin Othman	66	–	–	–
Robert Tan Chung Meng	662,730	0.60	86,216,077	78.63
Pauline Tan Suat Ming	16,268	0.01	86,216,077	78.63
Tony Tan @ Choon Keat	–	–	86,216,077	78.63
Tan Lei Cheng	44,045	0.04	39,916	0.04
Chua Seng Yong	87	negligible	–	–

* Outstanding Warrants as at 6 April 2009 was 109,644,075

List of Top Ten Major Properties By Value

held by IGB Group as at 31 December 2008

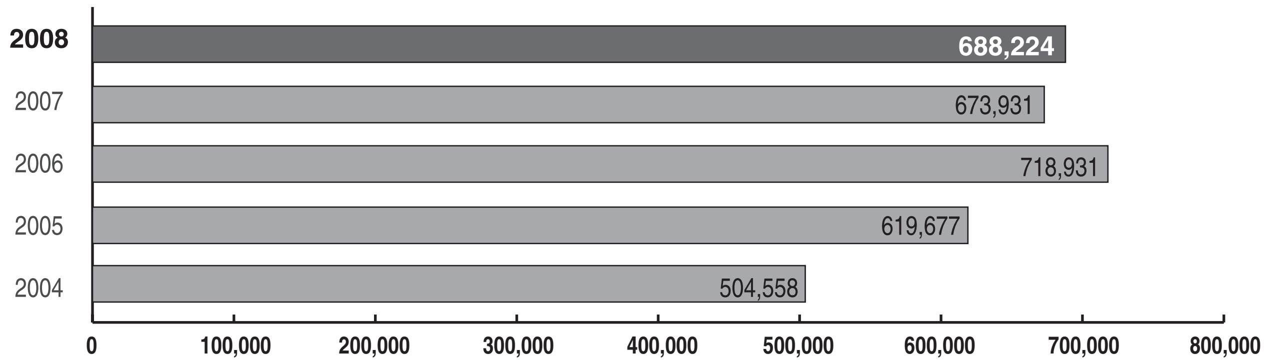
	Location/Address	Land Tenure	Age of Building (Years)	Description/ Existing use	Date of Acquisition/ Revaluation	Net Book Value RM ‘000
1	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	2	Shopping complex known as The Gardens Mall together with approximately 4,300 car parking bays	28-12-2004	625,666
2	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	9	Shopping complex known as Mid Valley Megamall together with approximately 6,500 car parking bays	17-12-1999	466,355
3	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	-	The Gardens Hotel and Residences under construction at Mid Valley City	28-12-2004	171,017
4	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	1	420,000 sq. ft office space at The Gardens North Tower at Mid Valley City	28-12-2004	154,998
5	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	1	410,000 sq. ft office space at The Gardens South Tower at Mid Valley City	28-12-2004	151,466
6	Lot 15256 Mukim of Labu, District of Seremban, Negeri Sembilan	Freehold	-	344.0 hectares approved mixed development for residential and commercial use and unsold completed units	31-1-2002	103,209
7	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	9	646-rooms hotel known as Cititel Hotel Mid Valley	27-3-2006	99,267
8	386 Jalan Tun Razak Kuala Lumpur	Freehold	19	242-rooms all-suite hotel under refurbishment and known as MiCasa Hotel Apartments	31-1-2002	96,768
9	Teluk Belaga, Pangkor Island	Freehold	23	259-rooms resort hotel known as “Pangkor Island Beach Resort”	24-12-2006	85,376
10	207 Jalan Tun Razak Kuala Lumpur	Freehold	15	339,000 sq ft office space at Menara Tan & Tan	31-1-2002	84,865

Five-Year Group Financial Highlights

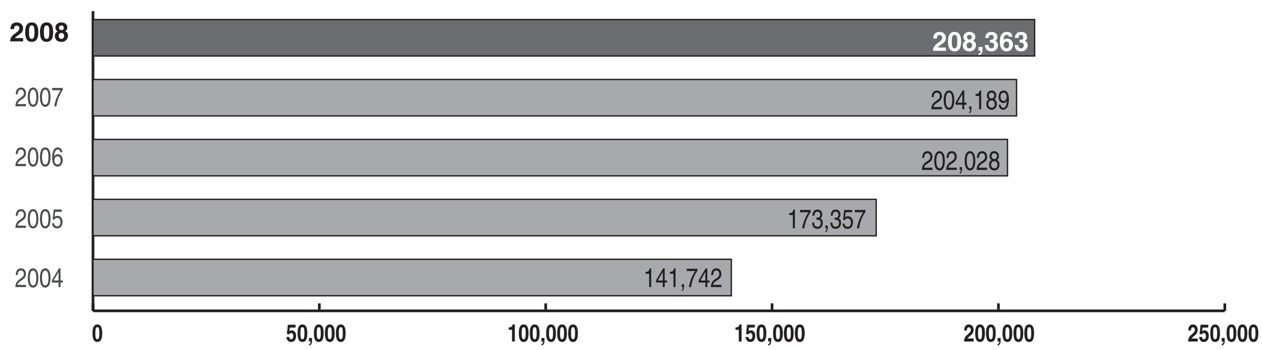
		2004	2005	2006	2007	2008
REVENUE	RM '000	504,558	619,677	718,961	673,931	**688,224**
PROFIT BEFORE TAX [1]	RM '000	141,742	173,357	202,028	204,189	**208,363**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	RM '000	101,123	105,458	135,915	136,851	**154,960**
ISSUED SHARE CAPITAL (RM0.50)	RM '000	706,937	730,277	732,523	744,862	**745,148**
SHAREHOLDERS' FUNDS	RM '000	2,292,083	2,382,386	2,477,603	2,639,601	**2,688,381**
TOTAL ASSETS	RM '000	3,460,427	3,696,304	3,861,714	4,342,096	**4,450,094**
EARNINGS PER SHARE (Basic)	sen	8.2	7.2	9.3	9.3	**10.5**
NET ASSETS PER SHARE	RM	1.7	1.7	1.8	1.8	**1.9**
GROSS DIVIDENDS PER SHARE	sen	2.5	2.5	2.5	2.5	**2.5**
DIVIDEND RATE	%	5.0	5.0	5.0	5.0	**5.0**

Note 1
With effect from financial year 2006, profit before tax includes share of results of associates net of tax. Associates' tax amounted to RM8.1 million for financial year 2006, RM12.6 million for financial year 2007 and RM14.3 million for financial year 2008.

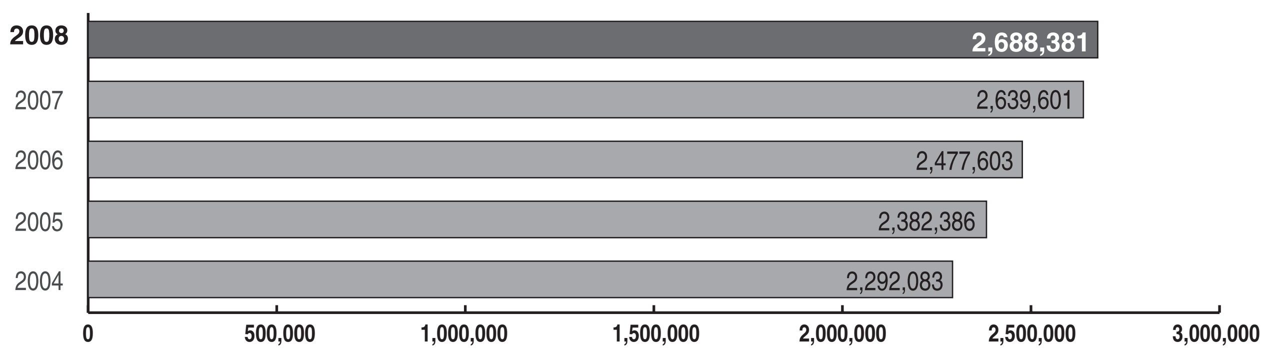
REVENUE (RM'000)



PROFIT BEFORE TAX (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



Contents

Reports and Financial Statements

Directors' report

for the financial year ended 31 December 2008

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 2008.

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 and management, hotel operations, construction and investment holding. There have been no significant changes in the nature of these activities during the financial year.

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

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

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

Financial results

	Group RM '000	Company RM '000
Profit for the financial year	172,868	65,907
Attributable to:		
Equity holders of the Company	154,960	65,907
Minority interest	17,908	-
	172,868	65,907

Dividends

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

	RM '000
(i) In respect of the financial year ended 31 December 2007 :	
(a) An interim dividend of 2.5% less tax at 26% and 2.5% tax exempt was paid on 23 May 2008.	32,199
(ii) In respect of the financial year ended 31 December 2008 :	
(a) An interim dividend of 2.5% less tax at 26% and 2.5% tax exempt was paid on 26 September 2008.	32,105

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2008.

Reserves and provisions

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

Directors' report (continued)

for the financial year ended 31 December 2008

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 RM744,862,004 to RM745,148,004 by way of the following issue of shares:

Issue of shares	No of shares	Nominal value RM
Exercise of ESOS (exercise prices RM0.93 – RM1.05)	572,000	286,000

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) Treasury shares

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 28 May 2008, renewed the approval of the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 13,347,500 of its own shares from the open market for RM17,911,450. The average purchase price for the shares repurchased was RM1.34 per share. The repurchase transaction was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at historical cost of repurchase. The Company has the right to distribute these shares as dividends to reward shareholders and/or resell the shares. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

At the balance sheet date, the number of treasury shares held was 22,256,100 ordinary shares of RM0.50 each.

(c) IGB Group Employees Share Option Scheme ('ESOS')

On 15 August 2003 and 10 June 2004, the Company granted 40,742,000 and 2,406,000 new ESOS to eligible employees at an exercise price of RM0.93 per share and RM1.05 per share respectively. The ESOS expired on 24 June 2008.

Details of the ESOS are set out in note 12(c) to the financial statements.

There were no new options granted since the end of the previous financial year.

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
Tan Boon Lee
Tan Lei Cheng
Pauline Tan Suat Ming
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman
Datuk Abdul Habib Bin Mansur
Tony Tan @ Choon Keat
Tan Kai Seng
Yeoh Chong Swee
Chua Seng Yong (alternate to Robert Tan Chung Meng)

In accordance with Article 85 of the Company's Articles of Association, Tan Boon Seng, Pauline Tan Suat Ming and Datuk Abdul Habib Bin Mansur retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Tan Sri Abu Talib Bin Othman and Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman, being over seventy years of age, retire in accordance with Section 129(2) of the Companies Act, 1965 and offer themselves for re-appointment under Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.

Directors' report (continued)

for the financial year ended 31 December 2008

Directors' interests

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants in the Company and its related corporations are as follows:

In the Company	Number of ordinary shares of RM0.50 each			
	1 January	Addition	Disposal	31 December
Tan Sri Abu Talib Bin Othman				
Direct	1,385,000	-	-	**1,385,000**
Robert Tan Chung Meng				
Direct	3,915,562	-	-	**3,915,562**
Indirect	494,062,678	12,945,000	(700,000)	**506,307,678**
Tan Boon Seng				
Indirect	152,875	15,952,100	-	**16,104,975**
Tan Boon Lee				
Direct	2,895,574	-	-	**2,895,574**
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	560,316	-	-	**560,316**
Indirect	187,875	-	-	**187,875**
Tan Lei Cheng				
Direct	1,812,667	150,000	-	**1,962,667**
Indirect	1,690,137	-	-	**1,690,137**
Pauline Tan Suat Ming				
Direct	996,777	4,000	-	**1,000,777**
Indirect	494,062,678	12,945,000	(700,000)	**506,307,678**
Tony Tan @ Choon Keat				
Indirect	494,062,678	12,945,000	(700,000)	**506,307,678**
Tan Kai Seng				
Direct	92,750	-	-	**92,750**
Yeoh Chong Swee				
Indirect	53,500	-	-	**53,500**
Chua Seng Yong				
Direct	406	50,600	-	**51,006**

In KrisAssets Holdings Berhad	Number of ordinary shares of RM1.00 each			
(subsidiary)	1 January	Addition	Disposal	31 December
Robert Tan Chung Meng				
Indirect	247,529,056	-	-	**247,529,056**
Tan Boon Lee				
Direct	1,100	-	-	**1,100**
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	29,864	-	-	**29,864**
Indirect	10,013	-	-	**10,013**
Pauline Tan Suat Ming				
Indirect	247,529,056	-	-	**247,529,056**
Tony Tan @ Choon Keat				
Indirect	247,529,056	-	-	**247,529,056**
Tan Kai Seng				
Direct	4,743	-	-	**4,743**
Chua Seng Yong				
Direct	1,424	-	-	**1,424**

Directors' report (continued)
for the financial year ended 31 December 2008

Directors' interests (continued)

In KrisAssets Holdings Berhad (subsidiary)	Number of warrants 2006/2011 **1 January**	**Addition**	**Disposal**	**31 December**
Tan Sri Abu Talib Bin Othman				
Direct	66	-	-	**66**
Robert Tan Chung Meng				
Direct	662,730	-	-	**662,730**
Indirect	86,216,077	-	-	**86,216,077**
Tan Lei Cheng				
Direct	44,045	-	-	**44,045**
Indirect	39,916	-	-	**39,916**
Pauline Tan Suat Ming				
Direct	16,268	-	-	**16,268**
Indirect	86,216,077	-	-	**86,216,077**
Tony Tan @ Choon Keat				
Indirect	86,216,077	-	-	**86,216,077**
Chua Seng Yong				
Direct	87	-	-	**87**

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

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

Directors' benefits

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 as disclosed in note 7 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 35 to the financial statements.

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

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 would render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

Directors' report (continued)

for the financial year ended 31 December 2008

Statutory information on the financial statements (continued)

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; and

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

Auditors

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

Signed in accordance with a resolution of the Directors dated 28 April 2009.

Robert Tan Chung Meng
Managing Director

Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman
Director

Income statements

for the financial year ended 31 December 2008

		Group		Company	
	Note	**2008 RM '000**	2007 RM '000	**2008 RM '000**	2007 RM '000
Revenue	5	**688,224**	673,931	**200,459**	359,412
Cost of sales		**(352,634)**	(367,827)	**(79,222)**	(84,463)
Gross profit		**335,590**	306,104	**121,237**	274,949
Other operating income		**55,295**	54,539	**17,405**	21,151
Administrative expenses		**(171,903)**	(148,710)	**(24,401)**	(18,962)
Other operating expenses		**(83,244)**	(24,368)	**(25,441)**	(9,320)
Profit from operations	6	**135,738**	187,565	**88,800**	267,818
Finance cost	8	**(55,823)**	(41,891)	**(14,531)**	(4,554)
Share of results of associates		**44,859**	40,115	**-**	-
Gain on disposal of an associate		**83,589**	18,400	**-**	22,519
Profit before tax		**208,363**	204,189	**74,269**	285,783
Tax expense	9	**(35,495)**	(56,470)	**(8,362)**	(69,396)
Profit for the financial year		**172,868**	147,719	**65,907**	216,387
Attributable to:					
Equity holders of the Company		**154,960**	136,851	**65,907**	216,387
Minority interests		**17,908**	10,868	**-**	-
Profit for the financial year		**172,868**	147,719	**65,907**	216,387
Earnings per ordinary share (sen)	10				
- Basic		**10.46**	9.26		
- Diluted		**10.46**	9.25		
Gross dividends per ordinary share for the financial year (sen)	11	**2.50**	2.50	**2.50**	2.50
Gross dividends per Irredeemable Convertible Preference Share (sen)	11	**-**	1.00	**-**	1.00

Balance sheets

as at 31 December 2008

		Group		Company	
	Note	**2008 RM '000**	2007 RM '000	**2008 RM '000**	2007 RM '000
Capital and reserves attributable to equity holders of the Company					
Share capital	12(a)	**745,148**	744,862	**745,148**	744,862
Share premium		**427,221**	426,974	**427,221**	426,974
Revaluation and other reserves	13	**332,206**	335,964	**-**	-
Treasury shares	12(b)	**(35,005)**	(17,094)	**(35,005)**	(17,094)
Retained earnings	14	**1,218,811**	1,148,895	**1,352,396**	1,350,793
		2,688,381	2,639,601	**2,489,760**	2,505,535
Minority interests		**90,616**	89,384	**-**	-
Total equity		**2,778,997**	2,728,985	**2,489,760**	2,505,535
Represented by:					
Non-current assets					
Property, plant and equipment	17	**758,007**	949,496	**6,645**	4,601
Land held for property development	18(a)	**256,641**	265,211	**7,175**	6,552
Investment properties	19	**1,527,263**	1,235,097	**-**	-
Long term prepaid lease	20	**206,857**	216,840	**-**	-
Subsidiaries	21	**-**	-	**1,769,808**	1,795,018
Associates	22	**542,348**	574,734	**128,382**	128,760
Other investments	23	**6,212**	6,846	**2,062**	2,062
Deferred tax assets	16	**10,522**	3,674	**520**	520
		3,307,850	3,251,898	**1,914,592**	1,937,513
Current assets					
Property development costs	18(b)	**93,565**	148,344	**-**	5,012
Inventories	24	**67,625**	66,576	**38,791**	34,235
Marketable securities	25	**37,556**	73,534	**37,556**	60,881
Trade and other receivables	26	**158,504**	200,587	**91,577**	68,828
Amounts owing by subsidiaries	27	**-**	-	**945,153**	963,375
Amounts owing by associates	28	**118,920**	122,933	**98,407**	94,545
Amount owing by a jointly controlled entity	31	**5,869**	18,208	**-**	-
Tax recoverable		**4,067**	5,633	**1,955**	-
Deposits with licensed banks	29	**528,954**	335,247	**320,366**	175,699
Cash and bank balances	29	**127,184**	119,136	**89,195**	18,033
		1,142,244	1,090,198	**1,623,000**	1,420,608
Less: Current liabilities					
Trade and other payables	30	**473,328**	589,046	**49,055**	25,908
Amounts owing to subsidiaries	27	**-**	-	**748,777**	670,781
Amounts owing to associates	28	**24,386**	27,582	**-**	-
Borrowings:	15				
- Bank overdrafts		**-**	1,149	**-**	1,149
- Others		**122,781**	330,988	**50,000**	100,000
Tax		**14,751**	25,606	**-**	4,748
		635,246	974,371	**847,832**	802,586
Net current assets		**506,998**	115,827	**775,168**	618,022
Less: Non-current liabilities					
Borrowings – others	15	**954,305**	545,383	**200,000**	50,000
Deferred tax liabilities	16	**81,546**	93,357	**-**	-
		1,035,851	638,740	**200,000**	50,000
		2,778,997	2,728,985	**2,489,760**	2,505,535

Consolidated statement of changes in equity

for the financial year ended 31 December 2008

Group	Note	Attributable to equity holders of the Company: Issued and fully paid ordinary shares of RM0.50 each — Number of shares '000	Nominal value RM '000	Treasury shares RM '000	Share premium RM '000	Revaluation and other reserves (Note 13) RM '000	Retained earnings RM '000	Total RM '000	Minority interests RM '000	Total equity RM '000
At 1 January 2008		**1,489,724**	**744,862**	**(17,094)**	**426,974**	**335,964**	**1,148,895**	**2,639,601**	**89,384**	**2,728,985**
Share buy back		**-**	**-**	**(17,911)**	**-**	**-**	**-**	**(17,911)**	**-**	**(17,911)**
Issue of shares:										
- Employees' share options	12(c)	**572**	**286**	**-**	**247**	**-**	**-**	**533**	**-**	**533**
Issuance of Redeemable Cumulative Non-Voting Preference Shares to minority interests in a subsidiary		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**378**	**378**
Issuance of ordinary shares to minority interest in a subsidiary		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,225**	**1,225**
Redemption of Redeemable and Convertible Unsecured Loan Stock from minority interest		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,000)**	**(4,000)**
		1,490,296	**745,148**	**(35,005)**	**427,221**	**335,964**	**1,148,895**	**2,622,223**	**86,987**	**2,709,210**

		Attributable to equity holders of the Company								
	Note	Issued and fully paid ordinary shares of RM0.50 each		Treasury shares						
Group		Number of shares '000	Nominal value RM '000	RM '000	Share premium RM '000	Revaluation and other reserves (Note 13) RM '000	Retained earnings RM '000	Total RM '000	Minority interests RM '000	Total equity RM '000
Currency translation differences		-	-	-	-	(30,375)	-	(30,375)	(367)	(30,742)
Dilution of shares in subsidiaries		-	-	-	-	-	-	-	(663)	(663)
Reversal of deferred tax arising from change in tax rate		-	-	-	-	5,579	-	5,579	-	5,579
Creation of a capital redemption reserve upon redemption of redeemable preference shares by the subsidiaries		-	-	-	-	23,025	(23,025)	-	-	-
Realisation of revaluation surplus on property, plant and equipment, net of tax		-	-	-	-	(1,301)	1,301	-	-	-
Realisation of deferred tax on property, plant and equipment		-	-	-	-	-	984	984	-	984
Realisation of reserves upon liquidation of a foreign associate		-	-	-	-	(686)	-	(686)	-	(686)
Income and expense recognised directly in equity		-	-	-	-	(3,758)	(20,740)	(24,498)	(1,030)	(25,528)
Profit for the financial year		-	-	-	-	-	154,960	154,960	17,908	172,868
Total recognised income and expenses for the financial year		-	-	-	-	(3,758)	134,220	130,462	16,878	147,340
Dividends on ordinary share	11	-	-	-	-	-	(64,304)	(64,304)	(13,249)	(77,553)
At 31 December 2008		**1,490,296**	**745,148**	**(35,005)**	**427,221**	**332,206**	**1,218,811**	**2,688,381**	**90,616**	**2,778,997**

Consolidated statement of changes in equity (continued)

for the financial year ended 31 December 2008

		Attributable to equity holders of the Company										
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares	1% Irredeemable Convertible Preference Shares of RM1.00 each							
	Note	Number of shares	Nominal value		Number of shares	Nominal value	Share premium	Revaluation and other reserves (Note 13)	Retained earnings	Total	Minority interests	Total equity
Group		'000	RM'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007		1,465,046	732,523	(20,066)	28,340	28,340	386,723	239,519	1,110,564	2,477,603	90,479	2,568,082
Reclassified from revaluation and other reserves		-	-	-	-	-	-	69,731	(69,731)	-	-	-
Acquisition of additional interests in a subsidiary		-	-	-	-	-	-	-	-	-	(11)	(11)
Share buy back		-	-	(14,020)	-	-	-	-	-	(14,020)	-	(14,020)
Issue of shares:												
- ICPS 2002/2007	12(d)	21,255	10,627	-	(28,340)	(28,340)	17,713	-	-	-	-	-
- Employees' share options	12(c)	3,423	1,712	-	-	-	1,528	-	-	3,240	-	3,240
Issuance of Redeemable Cumulative Non-Voting Preference Shares to minority interests in a subsidiary		-	-	-	-	-	-	-	-	-	857	857
Disposal of treasury shares		-	-	16,992	-	-	21,010	-	-	38,002	-	38,002
Redemption of Redeemable and Convertible Unsecured Loan Stock from minority interest		-	-	-	-	-	-	-	-	-	(2,000)	(2,000)
		1,489,724	744,862	(17,094)	-	-	426,974	309,250	1,040,833	2,504,825	89,325	2,594,150

Consolidated statement of changes in equity (continued)

for the financial year ended 31 December 2008

		Attributable to equity holders of the Company										
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares	1% Irredeemable Convertible Preference Shares of RM1.00 each							
Group	Note	Number of shares ‘000	Nominal value RM’000	RM’000	Number of shares ‘000	Nominal value RM’000	Share premium RM’000	Revaluation and other reserves (note 13) RM’000	Retained earnings RM’000	Total RM’000	Minority interests RM’000	Total equity RM’000
Currency translation differences		-	-	-	-	-	-	(9,501)	-	(9,501)	467	(9,034)
Share of revaluation surplus of an associate		-	-	-	-	-	-	39,357	-	39,357	-	39,357
Surplus on revaluation of property, plant and equipment, net of tax		-	-	-	-	-	-	4,359	-	4,359	-	4,359
Creation of a capital redemption reserve by a subsidiary upon redemption of Redeemable Preference Shares		-	-	-	-	-	-	43	(43)	-	-	-
Realisation of revaluation surplus on property, plant and equipment, net of tax		-	-	-	-	-	-	(909)	909	-	-	-
Realisation of reserves upon liquidation of a foreign subsidiary		-	-	-	-	-	-	(6,635)	7,708	1,073	-	1,073
Income and expense recognised directly in equity		-	-	-	-	-	-	26,714	8,574	35,288	467	35,755
Profit for the financial year		-	-	-	-	-	-	-	136,851	136,851	10,868	147,719
Total recognised income and expenses for the financial year		-	-	-	-	-	-	26,714	145,425	172,139	11,335	183,474
Dividends												
- Ordinary shares	11	-	-	-	-	-	-	-	(37,168)	(37,168)	(11,276)	(48,444)
- ICPS		-	-	-	-	-	-	-	(195)	(195)	-	(195)
At 31 December 2007		1,489,724	744,862	(17,094)	-	-	426,974	335,964	1,148,895	2,639,601	89,384	2,728,985

Company statement of changes in equity

for the financial year ended 31 December 2008

Company	Note	Issued and fully paid ordinary shares of RM0.50 each: Number of shares '000	Issued and fully paid ordinary shares of RM0.50 each: Nominal value RM'000	Treasury shares RM'000	Non-distributable: Share premium RM'000	Distributable: Retained earnings RM'000	Total equity RM'000
At 1 January 2008		**1,489,724**	**744,862**	**(17,094)**	**426,974**	**1,350,793**	**2,505,535**
Profit for the financial year		**-**	**-**	**-**	**-**	**65,907**	**65,907**
Share buy back		**-**	**-**	**(17,911)**	**-**	**-**	**(17,911)**
Issue of shares:							
- Employees' share options	12(c)	**572**	**286**	**-**	**247**	**-**	**533**
Dividends on ordinary shares	11	**-**	**-**	**-**	**-**	**(64,304)**	**(64,304)**
At 31 December 2008		**1,490,296**	**745,148**	**(35,005)**	**427,221**	**1,352,396**	**2,489,760**

Company	Note	Issued and fully paid ordinary shares of RM0.50 each: Number of shares '000	Issued and fully paid ordinary shares of RM0.50 each: Nominal value RM'000	Treasury shares RM'000	1% Irredeemable Convertible Preference Shares of RM1.00 each: Number of shares '000	1% Irredeemable Convertible Preference Shares of RM1.00 each: Nominal value RM'000	Non-distributable: Share premium RM'000	Distributable: Retained earnings RM'000	Total equity RM'000
At 1 January 2007		1,465,046	732,523	(20,066)	28,340	28,340	386,723	1,171,769	2,299,289
Profit for the financial year		-	-	-	-	-	-	216,387	216,387
Share buy back		-	-	(14,020)	-	-	-	-	(14,020)
Disposal of treasury shares		-	-	16,992	-	-	21,010	-	38,002
Issue of shares:									
- ICPS 2002/2007	12(d)	21,255	10,627	-	(28,340)	(28,340)	17,713	-	-
- Employees' share options	12(c)	3,423	1,712	-	-	-	1,528	-	3,240
Dividends:									
- Ordinary shares	11	-	-	-	-	-	-	(37,168)	(37,168)
- ICPS		-	-	-	-	-	-	(195)	(195)
At 31 December 2007		1,489,724	744,862	(17,094)	-	-	426,974	1,350,793	2,505,535

Cash flow statements

for the financial year ended 31 December 2008

	Note	Group 2008 RM '000	Group 2007 RM '000	Company 2008 RM '000	Company 2007 RM '000
Operating activities					
Receipts from customers		**761,763**	672,474	**138,403**	92,930
Payments to contractors, suppliers and employees		**(545,496)**	(221,269)	**(79,337)**	(87,775)
Cash flows from operations		**216,267**	451,205	**59,066**	5,155
Interest paid		**(56,270)**	(41,230)	**(13,884)**	(3,932)
Income taxes paid		**(47,961)**	(54,345)	**(2,138)**	(1,727)
Net cash generated from/(used in) operating activities		**112,036**	355,630	**43,044**	(504)
Investing activities					
Acquisition of additional interests in subsidiaries	37	**(45)**	(11)	**(90)**	-
Proceeds from disposal of an associate	37	**107,561**	21,200	**-**	-
Proceeds from sale of investment		**17,941**	-	**-**	-
Proceeds from redemption of preference shares		**-**	3,600	**25,000**	43,000
Proceeds from disposal of subsidiaries		**-**	2,036	**-**	-
Interest received		**14,077**	16,723	**11,039**	8,960
Additions of property, plant and equipment		**(168,602)**	(422,711)	**(3,682)**	(2,328)
Additions of investment properties		**(26,584)**	(120,429)	**-**	-
Additions of long term prepaid lease		**(659)**	(100,301)	**-**	-
Additions of land held for property development		**(19,879)**	(14,512)	**(623)**	-
Proceeds from sale of property, plant and equipment		**5,920**	4,562	**-**	-
Acquisition of an associate		**(40)**	-	**(40)**	-
Subscription of additional shares in subsidiaries		**-**	-	**-**	(4,000)
Dividends received from subsidiaries		**-**	-	**29,412**	19,832
Dividends received from associates		**21,064**	20,981	**-**	20,590
Dividends received from other investments		**141**	-	**141**	-
Net repayment of advances from/(advances to) subsidiaries		**-**	-	**4,905**	(240,742)
Net repayment of advances to/(advances from) subsidiaries		**-**	-	**85,005**	101,093
Net repayment of advances from/(advances to) associates		**1,348**	(2,587)	**1,291**	(1,366)
Advances from associates		**-**	20	**-**	-
Return of capital from an associate		**3,454**	15,557	**-**	-
Net repayment of advances from/(advances to) jointly controlled entity		**12,339**	(7,371)	**-**	-
Net cash generated from/(used in) investing activities		**(31,964)**	(583,243)	**152,358**	(54,961)
Financing activities					
Proceeds from issuance of shares		**533**	3,240	**533**	3,240
Repayments of borrowings		**(301,060)**	(58,184)	**(100,000)**	-
Proceeds from borrowings		**500,000**	200,000	**200,000**	100,000
Purchase of treasury shares		**(17,911)**	(13,971)	**(17,911)**	(13,971)
Proceeds from disposal of treasury shares		**-**	38,128	**-**	38,128
Dividends paid		**(64,304)**	(37,363)	**(64,304)**	(37,363)
Net cash generated from financing activities		**117,258**	131,850	**18,318**	90,034
Net increase/(decrease) in cash and cash equivalents during the financial year		**197,330**	(95,763)	**213,720**	34,569
Cash and cash equivalents at beginning of financial year		**453,234**	555,191	**192,583**	161,851
Foreign currencies exchange difference on opening balances		**5,574**	(6,194)	**3,258**	(3,837)
Cash and cash equivalents at end of financial year	29	**656,138**	453,234	**409,561**	192,583

Notes to the financial statements

for the financial year ended 31 December 2008

1. General information

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

As at 31 December 2008, all financial assets and financial liabilities of the Group and Company are denominated in Ringgit Malaysia unless otherwise stated.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

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

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

(a) Standards and amendments to published standards that are effective and are applicable to the Group

The new accounting standards and amendments to published standards effective for the Group's financial year beginning on or after 1 January 2008 are as follows:

- FRS 107 - Cash Flow Statements
- FRS 111 - Construction Contracts
- FRS 112 - Income Taxes
- FRS 118 - Revenue
- FRS 134 - Interim Financial Reporting
- FRS 137 - Provisions, Contingent Liabilities and Contingent Assets
- Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards and amendments to published standards. All standards and amendments to published standards adopted by the Group require retrospective application.

The adoption of FRS 107, 111, 112, 118, 134, 137 and Amendment to FRS 121 did not have any material impact on the financial statements of the Group and Company.

(b) Standards and interpretations to existing standards that are effective but are not applicable to the Group

The new accounting standards and interpretations to existing standards that are mandatory for the Group's financial year beginning on or after 1 January 2008 but are not applicable to the Group's operations are as follows:

- FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance *(effective for accounting periods beginning on or after 1 July 2007).*

- IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities *(effective for accounting periods beginning on or after 1 July 2007).*

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Standards and interpretations to existing standards that are effective but are not applicable to the Group (continued)

- IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments *(effective for accounting periods beginning on or after 1 July 2007)*.

- IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds *(effective for accounting periods beginning on or after 1 July 2007)*.

- IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment *(effective for accounting periods beginning on or after 1 July 2007)*.

- IC Interpretation 7 - Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies *(effective for accounting periods beginning on or after 1 July 2007)*.

- IC Interpretation 8 - Scope of FRS 2 *(effective for accounting periods beginning on or after 1 July 2007)*.

(c) Standards and interpretations to existing standards that are applicable to the Group but are not yet effective

The new accounting standards and interpretations to existing standards that are applicable to the Group, but have not been early adopted, are as follows:

- FRS 8 - Operating Segments *(effective for accounting periods beginning on or after 1 July 2009)*. FRS 8 replaces FRS 114_{2004} Segment Reporting. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from financial periods beginning on 1 January 2010.

- IC Interpretation 9 - Reassessment of Embedded Derivatives *(effective for accounting periods beginning on or after 1 January 2010)*. IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group will apply this standard from financial periods beginning on 1 January 2010.

- IC Interpretation 10 - Interim Financial Reporting and Impairment *(effective for accounting periods beginning on or after 1 January 2010)*. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply this standard from financial periods beginning on 1 January 2010.

- FRS 139 Financial Instruments: Recognition and Measurement *(effective for accounting periods beginning on or after 1 January 2010)*. The standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group will apply this standard from financial periods beginning on 1 January 2010.

- FRS 7 Financial Instruments: Disclosures *(effective for accounting periods beginning on or after 1 January 2010)*. The standard requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance; and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. The Group will apply this standard from financial periods beginning on 1 January 2010.

With the exception of FRS 139 and FRS 7, the above standards and interpretations to existing standards are not anticipated to have any significant impact on the financial position of the Group and the Company in the year of initial application. As allowed under the transitional provision of FRS 139, the Group and the Company are exempted from having to disclose the possible impact of the application of this standard on the financial statements of the Group and the Company in the year of initial application.

(d) Standard that is not applicable to the Group and is not yet effective

The new accounting standard that is not applicable to the Group and is not yet effective is as follows:

- FRS 4 Insurance Contracts *(effective for accounting periods beginning on or after 1 January 2010)*.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.2 Economic entities in the Group

(a) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 2.5 on goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Where more than one exchange translation is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as revaluation.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary, which is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired.

(c) Jointly controlled entity

Jointly controlled entity is a corporation over which there is a contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entity require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entity is accounted for in the financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of the jointly controlled entity in the income statement and its share of post-acquisition movements of reserves in reserves. The cumulative post-acquisition movements are adjusted against the cost of investment and include goodwill on acquisition (net of accumulated impairment loss).

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(c) Jointly controlled entity (continued)

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. Where necessary, in applying the equity method, adjustments are made to the financial statements of the jointly controlled entity to ensure consistency of accounting policies within those of the Group.

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred.

(d) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for by using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition (Note 2.5), net of any accumulated impairment loss (Note 2.7).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. 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.

Dilution gains and losses in associates are recognised in the income statement.

For incremental interest in an associate, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. There is no "step up to fair value" of net assets of previously acquired stake and the share of profits and equity movements for the previously acquired stake is recorded directly through equity.

2.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Hotel properties (land and buildings) are subsequently shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

A freehold land of a subsidiary was stated at valuation on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers on a fair market value basis. The Directors applied the transitional provisions of International Accounting Standard ('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, the valuation has not been updated.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. Each period, the difference between the depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from 'revaluation reserves' to 'retained earnings'.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

	%
• Buildings, including hotel buildings	2
• Plant and machinery	10 – 20
• Motor vehicles	20
• Office furniture, fittings and equipment	12 1/2 – 33 1/3

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

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

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.7 on impairment of assets.

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.

2.4 Investment properties

Investment properties, comprising principally land and buildings, are held for long term rental yields or for capital appreciation or both, and are not substantially occupied by the Group. Building fittings that are attached to the buildings are also classified as investment properties.

Investment properties are stated at cost, including related transaction costs, less any accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated as it has an infinite life. Other categories of investment properties are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

	%
• Buildings	2
• Building fittings	10 – 20

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

2.5 Goodwill

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

Goodwill on acquisition of subsidiaries are included in the balance sheet as intangible assets whereas negative goodwill is recognised immediately in the income statement.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.5 Goodwill (continued)

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. See accounting policy Note 2.7 on impairment of assets.

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

2.6 Investments

Investments in subsidiaries, associates and jointly controlled entities are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2.7 on impairment of assets.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Marketable securities (within current assets) are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/charged to the income statement.

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

2.7 Impairment of assets

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

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2.8 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.

2.9 Prepaid lease assets

Leasehold land that normally has a definite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Prepaid lease payments are carried at cost or surrogate carrying amount and are amortised on a straight line basis over the lease terms in accordance with the pattern of benefits provided.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.10 Inventories

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

(a) Unsold properties

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

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

(b) Finished goods

Cost is determined using the first in, first out method. The cost of finished goods comprises building materials used in construction activities.

(c) Hotel operating supplies

Cost is determined on a first-in, first-out basis and comprises food and beverage, printing and stationeries and guestroom supplies. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

2.11 Construction contracts

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

Construction contracts are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work perform to date bear to the estimated total costs for the contract. Cost incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

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.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the financial year 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 trade and other receivables (within current assets). 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 trade and other payables (within current liabilities).

2.12 Property development activities

(a) Land held for property development

Land held for property development consist of land and all cost directly attributable to development activities on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate costs as allowed by FRS 201. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 2.7 on impairment of assets.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed with the Group's normal operating cycle of 2 to 3 years.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.12 Property development activities (continued)

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are recognised when incurred. When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under trade and other payables (within current liabilities).

2.13 Trade receivables

Trade receivables are carried at invoice amount less allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

2.14 Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturity of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

2.15 Share capital

(a) Classification

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

The Group has taken advantage of the transitional provisions by FRS 132 '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 a predominant component part.

(b) Share issue costs

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

(c) Dividends to shareholders of the Company

Dividends on redeemable preference shares are recognised as a liability and recognised on an accrual basis.

Interim dividends are recognised as liabilities when declared before the balance sheet date. Final dividends are accounted for only after approval by the Company's shareholders.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.15 Share capital (continued)

(d) Purchase of own shares

Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental external costs, net of tax, is deducted from total equity as treasury shares until they are cancelled, reissued or disposed off. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental external costs and the related tax effects, is included in total equity.

2.16 Borrowings

(a) Classification

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. 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.

Interest, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statement.

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

(b) Capitalisation of borrowing 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 to the income statement.

2.17 Tax

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 a foreign subsidiary and associate on distributions of retained earnings to companies in the Group.

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. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax 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 and associates 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.

Deferred tax is determined using tax rates (and tax law) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.18 Employee benefits

(a) Short term employee benefits

The Group recognises a liability and an expense for bonus. The Group recognises a provision where there is a contractual obligation or where there is a past practice that has created a construction obligation.

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.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.18 Employee benefits (continued)

(b) Equity compensation benefits

The Directors had applied the transitional provisions of FRS 2 "Share-Based Payment" as adopted by the Malaysian Accounting Standards Board in relation to grants of shares, share options or other equity instruments that were granted before 31 December 2004 and had not yet vested at the annual periods beginning on or after 1 January 2006. Accordingly, the Group does not make a change 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 share capital and share premium.

Details of the Group's Employee Share Option Scheme are set out in Note 12(c) to the financial statements.

(c) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's contributions 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

2.20 Contingent liabilities and contingent assets

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

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

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Income from construction contracts is recognised on the stage of completion method in cases where the outcome of the contract can be reliably estimated. In all cases, anticipated losses are recognised in full.

Dividend income is recognised as income when the Group's right to receive payment is established.

Hotel revenue represents income derived from room rental and sales of food and beverage. Room rental income is accrued on a daily basis on customer-occupied rooms. Sales of food and beverage are recognised upon delivery to customers. Hotel revenue is recognised net of sales tax and discounts.

Notes to the financial statements (continued)
for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.21 Revenue recognition (continued)

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements unless collectibility is in doubt, in which case the recognition of such income is suspended. Other rent related and carpark income is recognised upon services being rendered.

Management fees and project management fees are recognised on an accrual basis.

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

2.22 Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to total equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates.

2.23 Financial instruments

(a) Description

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

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

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

(b) 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 accounting policy statements associated with each item.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

2. Summary of significant accounting policies (continued)

2.23 Financial instruments (continued)

(c) Fair value estimation for disclosure purposes

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

2.24 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing 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 revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and 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. Inter-segment pricing is based on similar terms as those available to other third parties.

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 Group financial risk management policies. The management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

(a) Foreign currency exchange risk

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

(b) 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.

(c) 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.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

3. Financial risk management objectives and policies (continued)

(d) Credit risk

Credit risk arises when sales are made on deferred credit terms. 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 instrument.

In addition, the Company has given guarantees to subsidiaries for banking facilities (see Note 33). The Directors are of the view that such credit risk is minimal in view of the stability of the subsidiaries' financial position.

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

(e) 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. Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

(i) Impairment of assets

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

(ii) Income taxes

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

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

4. Critical accounting estimates and judgements (continued)

4.1 Critical accounting estimates and assumptions (continued)

(iii) Recognition of revenue from property development

The Group recognises property development profits by reference to the stage of completion of the development activity at the balance sheet date. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development. Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

4.2 Critical judgement in applying the accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. During the financial year, there are no critical judgements made in applying the Group's accounting policies.

5. Revenue

	Group		Company	
	2008	2007	**2008**	2007
	RM '000	RM '000	**RM '000**	RM '000
Investment income	**6,283**	4,751	**101,563**	248,852
Rental income from investment properties	**355,321**	241,019	**-**	-
Other rental and rent related income	**1,454**	22,694	**2,517**	2,655
Property development revenue	**169,973**	252,480	**96,379**	107,905
Hotel room revenue	**119,304**	109,772	**-**	-
Sale of food, beverages and other goods	**28,409**	36,583	**-**	-
Rendering of services	**7,480**	6,632	**-**	-
	688,224	673,931	**200,459**	359,412

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

6. Profit from operations

	Group		Company	
	2008	2007	**2008**	2007
	RM '000	RM '000	**RM '000**	RM '000
Profit from operations is stated after charging:				
Allowance for doubtful debts:				
- Trade and other receivables	**5,732**	5,114	**316**	-
Auditors' remuneration:				
- Current financial year	**554**	525	**127**	127
- Other fees	**32**	26	**32**	26
Bad debts written off	**397**	54	**43**	5
Depreciation:				
- property, plant and equipment	**33,735**	29,718	**1,638**	991
- investment properties	**61,032**	35,284	**-**	-
- leasehold land	**2,380**	1,532	**-**	-
Hire of plant and equipment	**1,144**	1,300	**-**	-
Operating lease rental	**783**	762	**-**	-
Impairment losses:				
- Associates	**-**	-	**-**	718
- Marketable securities	**23,325**	-	**23,325**	-
- Other investments	**634**	1,909	**-**	-
- Property, plant and equipment	**-**	7,020	**-**	-
- Land held for property development	**55,836**	800	**-**	-
- Inventories	**248**	-	**-**	-
Loss on disposal of property, plant and equipment	**205**	4	**-**	-
Rental of buildings	**4,604**	3,891	**1,988**	1,075
Staff cost (includes Directors' remuneration as disclosed in note 7 but excludes defined contribution plan)	**72,250**	71,942	**15,679**	13,782
Defined contribution plan	**7,407**	7,207	**1,642**	1,700
Foreign exchange loss – unrealised	**6,860**	11,480	**-**	5,541
Write off of property, plant and equipment	**205**	1,674	**-**	-
Write off of investment properties	**4,616**	-	**-**	-
Provision for liquidated damages	**2,116**	2,310	**2,116**	2,310
Provision for severance payment	**-**	3,411	**-**	-
and crediting:				
Bad debts recovered	**394**	427	**282**	-
Dividends (gross) from:				
- Quoted subsidiary in Malaysia	**-**	-	**50,872**	28,466
- Unquoted subsidiaries in Malaysia	**-**	-	**50,500**	192,180
- Quoted associate in Malaysia	**-**	-	**-**	706
- Unquoted associates in Malaysia	**-**	-	**-**	27,500
- Marketable securities	**191**	-	**191**	-
Interest income:				
- Subsidiaries	**-**	-	**3,449**	2,374
- Others	**14,077**	16,723	**7,590**	6,586
Profit on disposal of property, plant and equipment	**1,123**	1,210	**-**	-
Foreign exchange gain - unrealised	**11,462**	1,717	**4,834**	-
Rental income	**167**	1,634	**-**	-
Reversal of impairment loss				
- marketable securities	**-**	1,484	**-**	1,484
- investment in associate	**-**	37,161	**-**	6,506
- inventories	**-**	55	**-**	-
Gain on voluntary liquidation of an associate	**1,090**	-	**-**	-
Gain on disposal of shares	**192**	-	**-**	-
Reversal of amortisation of investment in an associate	**-**	6,332	**-**	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM133,911,000 (2007: RM89,412,000).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to nil (2007: nil).

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

7. Directors' remuneration

	Group		Company	
	2008	2007	**2008**	2007
	RM '000	RM '000	**RM '000**	RM '000
Fees:				
- Directors of the Company	**260**	240	**260**	240
- Directors of subsidiaries	**200**	140	**-**	-
Other emoluments:				
- Directors of the Company	**3,500**	2,647	**3,500**	2,647
- Directors of subsidiaries	**4,047**	1,869	**-**	-
Defined contribution plan	**733**	472	**323**	289
Benefits-in-kind	**201**	367	**91**	203
	8,941	5,735	**4,174**	3,379

The Directors' remuneration has been included in staff cost as disclosed in note 6.

8. Finance cost

	Note	Group		Company	
		2008	2007	**2008**	2007
		RM '000	RM '000	**RM '000**	RM '000
Interest expense on borrowings		**52,210**	38,896	**14,531**	4,554
Accretion of discount on bonds		**1,254**	1,254	**-**	-
Other financing costs		**2,359**	1,741	**-**	-
Interest expense on end financing		**2,073**	1,364	**1,278**	237
		57,896	43,255	**15,809**	4,791
Less: Finance cost capitalised in property development	18	**(2,073)**	(1,364)	**(1,278)**	(237)
		55,823	41,891	**14,531**	4,554

9. Tax expense

	Group		Company	
	2008	2007	**2008**	2007
	RM '000	RM '000	**RM '000**	RM '000
Current tax:				
- Malaysian tax	**38,601**	63,516	**8,362**	69,396
- foreign tax	**136**	40	**-**	-
Deferred tax (Note 16)	**(3,242)**	(7,086)	**-**	-
	35,495	56,470	**8,362**	69,396
Current tax				
Current financial year	**55,689**	67,194	**9,420**	69,818
Over accrual in prior financial years	**(16,952)**	(3,638)	**(1,058)**	(422)
Deferred tax				
Origination and reversal of temporary differences	**(3,242)**	(7,086)	**-**	-
	35,495	56,470	**8,362**	69,396

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

9. Tax expense (continued)

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

	Group		Company	
	2008	2007	**2008**	2007
	%	%	**%**	%
Reconciliation between the average effective tax rate and the Malaysian income tax rate				
Malaysian income tax rate	**26**	27	**26**	27
Tax effects of :				
- share of results of jointly controlled entities and associates	**(6)**	(5)	**-**	-
- expenses not deductible for tax purposes	**40**	21	**10**	1
- income not subject to tax	**(32)**	(11)	**(24)**	(4)
- current financial year's tax loss not recognised	**1**	1	**-**	-
- utilisation of previously unrecognised tax losses	**(4)**	(1)	**-**	-
- tax incentives	**(1)**	(2)	**-**	-
- over accrual in prior financial years	**(7)**	(2)	**(1)**	-
Average effective tax rate	**17**	28	**11**	24

Included in taxation of the Group are tax savings from utilisation of tax losses as follows:

	Group	
	2008	2007
	RM'000	RM'000
Tax losses:		
Tax savings as a result of the utilisation of tax losses brought forward for which the related credit is recognised during the year	**8,505**	1,275

10. Earnings per ordinary share

(a) Basic earnings per ordinary share

Basic earnings per ordinary share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding ordinary shares purchased by the Company and held as treasury shares (Note 12(b)).

	2008	2007
Profit attributable to the equity holders of the Company (RM'000)	**154,960**	136,851
Weighted average number of ordinary shares in issue ('000)	**1,480,908**	1,477,106
Basic earnings per ordinary share (sen)	**10.46**	9.26

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

10. Earnings per ordinary share (continued)

(b) Diluted earnings per ordinary share

In the diluted earnings per ordinary share calculation, a calculation is done in respect of share options 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 conversion rights attached to share options for the period which they are outstanding up to the date of expiry of the ESOS on 24 June 2008. 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 profit for the financial year for the share options calculation.

	2008	2007
Profit attributable to the equity holders of the Company (RM'000)	**154,960**	136,851
Weighted average number of ordinary shares in issue ('000)	**1,480,908**	1,477,106
Adjustments for share options ('000)	**84**	1,465
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	**1,480,992**	1,478,571
Diluted earnings per ordinary share (sen)	**10.46**	9.25

11. Dividends

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

	Group and Company			
	2008		2007	
	Gross dividend per share	**Amount of dividend, net of tax**	Gross dividend per share	Amount of dividend, net of tax
	Sen	**RM '000**	Sen	RM '000
Ordinary shares				
Final dividend of 5.0% tax exempt for financial year 2006	**-**	**-**	2.50	37,168
Paid interim dividend of 2.5% less tax at 26% and 2.5% tax exempt for financial year 2007	**2.50**	**32,199**	-	-
Paid interim dividend of 2.5% less tax at 26% and 2.5% tax exempt for financial year 2008	**2.50**	**32,105**	-	-
Dividend per share recognised as distribution to ordinary equity holders of the Company	**5.00**	**64,304**	2.50	37,168

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

12. Share capital

	Group and Company	
	2008	2007
	RM'000	RM'000
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January/31 December	**1,000,000**	1,000,000
1% Irredeemable Convertible Preference Shares of RM1.00 each:		
Authorised		
At 1 January/31 December	**200,000**	200,000
Ordinary shares of RM0.50 each:		
Issued and fully paid	**744,862**	732,523
At 1 January		
Issued during the year:		
- exercise of ESOS	**286**	1,712
- exercise of ICPS 2002/2007	**-**	10,627
At 31 December	**745,148**	744,862
1% Irredeemable Convertible Preference Shares of RM1.00 each:		
Issued and fully paid		
At 1 January	**-**	28,340
Converted during the year	**-**	(28,340)
At 31 December	**-**	-

(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 RM744,862,004 to RM745,148,004 by way of the following issue of shares:

Issue of shares	**No. of shares**	**Nominal value RM**
Exercise of ESOS (exercise prices RM0.93 – RM1.05)	572,000	286,000

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) Treasury shares

Shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 28 May 2008, renewed the approval of the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 13,347,500 of its own shares as follows:

2008	Number of	Purchase price per share RM		Average cost per share RM	Total cost RM'000
Month	**shares purchased**	**Lowest**	**Highest**		
March	645,700	1.51	1.59	1.569	1,013
June	4,651,500	1.45	1.71	1.482	6,893
September	400,000	1.30	1.31	1.311	524
October	4,035,000	1.18	1.26	1.240	5,005
November	3,441,600	1.15	1.29	1.240	4,269
December	173,700	1.18	1.20	1.193	207
Total	**13,347,500**			**1.342**	**17,911**

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

12. Share capital (continued)

(b) Treasury shares (continued)

The repurchase transaction was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at historical cost of repurchase. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

At 31 December 2008, a total of 22,256,100 ordinary shares were held as treasury shares.

As at the balance sheet date, the number of outstanding shares in issue after setting off treasury shares against equity is 1,468,039,907.

(c) IGB Group Employee Share Option Scheme ('ESOS')

On 15 August 2003 and 10 June 2004, the Company granted 40,742,000 and 2,406,000 new ESOS to eligible employees at an exercise price of RM0.93 per share and RM1.05 per share respectively.

The salient 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 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. The ESOS expired on 24 June 2008 and the remaining unexercised ESOS on that date is 194,000.

(iii) The number of shares under options or option price or both so far as the options 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 Securities 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:

			No. of shares				
Grant date	Expiry date	Exercise price RM/share	At 1 January '000	Granted '000	Exercised '000	Lapsed '000	At 31 December '000
2008							
15.8.2003	**24.6.2008**	**0.93**	**701**	**-**	**(567)**	**(134)**	**-**
10.6.2004	**24.6.2008**	**1.05**	**65**	**-**	**(5)**	**(60)**	**-**
		Total	**766**	**-**	**(572)**	**(194)**	**-**
2007							
15.8.2003	24.6.2008	0.93	3,700	-	(2,953)	(46)	701
10.6.2004	24.6.2008	1.05	630	-	(470)	(95)	65
		Total	4,330	-	(3,423)	(141)	766

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

12. Share capital (continued)

(c) IGB Group Employee Share Option Scheme ('ESOS') (continued)

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

Exercise date	Fair value of shares at share issue date RM/share			Exercise price RM/share	No. of shares issued 2008 '000	No. of shares issued 2007 '000
31.1.08 – 11.2.08	**2.20**	**to**	**2.30**	**0.93**	**235**	-
31.1.08 – 11.2.08	**2.20**	**to**	**2.30**	**1.05**	**5**	-
30.4.08 – 8.5.08	**1.79**	**to**	**1.92**	**0.93**	**332**	-
31.1.07 – 7.2.07	2.27	to	2.29	0.93	-	1,708
31.1.07 – 7.2.07	2.27	to	2.29	1.05	-	407
30.4.07 – 8.5.07	2.85	to	3.12	0.93	-	940
30.4.07 – 8.5.07	2.85	to	3.12	1.05	-	27
31.7.07 – 6.8.07	2.34	to	2.67	0.93	-	77
31.7.07 – 6.8.07	2.34	to	2.67	1.05	-	16
31.10.07 – 6.11.07	2.46	to	2.58	0.93	-	228
31.10.07 – 6.11.07	2.46	to	2.58	1.05	-	20
					572	3,423

	2008 RM'000	2007 RM'000
Ordinary share capital – at par	**286**	1,712
Share premium	**247**	1,528
Proceeds received on exercise of share options	**533**	3,240
Fair value at exercise date of shares issued	**1,156**	8,567

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

Each ICPS 2002/2007 holder had the right to convert the whole of the nominal value of the ICPS into ordinary and fully paid-up IGB shares at the conversion price of RM1.33 per ordinary IGB share. In the financial year 2007, all the ICPS 2002/2007 were converted into IGB ordinary shares.

13. Revaluation and other reserves

Group

The revaluation and other reserves comprise:

	Surplus on revaluation of properties RM'000	Share of revaluation reserves in an associate RM'000	Capital distribution in-specie of KrisAssets shares RM'000	Exchange fluctuation reserve RM'000	Capitalisation of revenue reserves in an associate RM'000	Capital redemption reserve RM'000	Total RM'000
2008							
At 1 January	**84,883**	**68,448**	**183,019**	**(1,315)**	**686**	**243**	**335,964**
Reversal of deferred tax arising from change in tax rate	**3,800**	**1,779**	**-**	**-**	**-**	**-**	**5,579**
Currency translation differences of foreign subsidiaries and associates	**-**	**-**	**-**	**(30,375)**	**-**	**-**	**(30,375)**
Realisation of reserves on liquidation of a foreign associate	**-**	**-**	**-**	**-**	**(686)**	**-**	**(686)**
Realisation of revaluation surplus on property, plant and equipment	**(992)**	**(309)**	**-**	**-**	**-**	**-**	**(1,301)**
Creation of a capital redemption reserve by subsidiaries	**-**	**-**	**-**	**-**	**-**	**23,025**	**23,025**
At 31 December	**87,691**	**69,918**	**183,019**	**(31,690)**	**-**	**23,268**	**332,206**
2007							
At 1 January	81,266	29,258	183,019	15,893	686	200	310,322
Surplus on revaluation of property, plant and equipment, net of tax	4,359	39,357	-	-	-	-	43,716
Currency translation differences of foreign subsidiaries and associates	-	-	-	(17,208)	-	-	(17,208)
Realisation of revaluation surplus on property, plant and equipment	(742)	(167)	-	-	-	-	(909)
Creation of a capital redemption reserve by a subsidiary	-	-	-	-	-	43	43
At 31 December	84,883	68,448	183,019	(1,315)	686	243	335,964

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

14. Retained earnings

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

Companies with Section 108 credits as at 31 December 2008 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier, unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act, 2007.

Subject to the 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 up to RM286,753,000 (2007: RM315,433,000) out of its retained earnings of approximately RM1,353,172,000 as at 31 December 2008 (2007: RM1,350,793,000) without incurring any additional tax liabilities. The Company also has tax exempt income as at 31 December 2008 amounting to RM8,912,000 (2007: RM43,103,000) available for distribution as tax exempt dividends to shareholders.

15. Borrowings

		Group		Company	
	Note	**2008**	2007	**2008**	2007
		RM'000	RM'000	**RM'000**	RM'000
Secured					
Term loans	15(a)	**550,000**	50,000	**250,000**	50,000
Redeemable secured bonds	15(b)	**290,000**	330,000	**-**	-
Bank guaranteed bonds	15(c)	**197,522**	196,268	**-**	-
		1,037,522	576,268	**250,000**	50,000
Non-secured					
Term loans	15(a)	**9,564**	129,103	**-**	-
Revolving credits		**30,000**	171,000	**-**	100,000
Bank overdrafts		**-**	1,149	**-**	1,149
		39,564	301,252	**-**	101,149
Total repayable		**1,077,086**	877,520	**250,000**	151,149

Currency exposure profile of borrowings is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
- US Dollar	**9,564**	11,103	**-**	-
- Ringgit Malaysia	**1,067,522**	866,417	**250,000**	151,149
	1,077,086	877,520	**250,000**	151,149

The term loans, redeemable secured bonds and bank guaranteed bonds of the Group and Company are secured by way of fixed registered charges over certain property, plant and equipment, land held for property development, investment properties and long term prepaid lease with market value of not less than the facility amount of the Group as disclosed in notes 17, 18, 19 and 20.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

15. Borrowings (continued)

	Group		Company	
	2008	2007	**2008**	2007
	% per annum	% per annum	**% per annum**	% per annum
Weighted average effective interest rates at balance sheet date:				
Bank overdrafts	**-**	7.50	**-**	7.50
Revolving credits	**3.54**	4.42	**-**	4.36
Term loans	**5.38**	5.00	**5.84**	5.80
Redeemable secured bonds	**5.75**	5.80	**-**	-
Bank guaranteed bonds	**4.00**	4.00	**-**	-

Estimated fair values

The fair values of term loans, bonds, revolving credits and bank overdrafts are as follows:

	Group			
	2008		2007	
	Carrying amount RM'000	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Term loans	**559,564**	**485,145**	179,103	178,970
Redeemable secured bonds	**290,000**	**308,000**	330,000	348,030
Bank guaranteed bonds	**197,522**	**197,150**	196,268	192,450
Revolving credits	**30,000**	**30,000**	171,000	171,000
Bank overdrafts	**-**	**-**	1,149	1,149
	1,077,086	**1,020,295**	877,520	891,599

	Company			
	2008		2007	
	Carrying amount RM'000	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Term loan	**250,000**	**203,704**	50,000	49,867
Revolving credits	**-**	**-**	100,000	100,000
Bank overdrafts	**-**	**-**	1,149	1,149
	250,000	**203,704**	151,149	151,016

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

15. Borrowings (continued)

(a) Term loans

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Current:				
Secured	**50,000**	-	**50,000**	-
Unsecured	**2,781**	119,988	**-**	-
	52,781	119,988	**50,000**	-
Non-current:				
Secured	**500,000**	50,000	**200,000**	50,000
Unsecured	**6,783**	9,115	**-**	-
	506,783	59,115	**200,000**	50,000
Total repayable	**559,564**	179,103	**250,000**	50,000

<u>Currency profile of term loans</u>

The currency exposure profile of term loans are as follows:

	Group	
	2008	2007
	RM'000	RM'000
- US Dollar	**9,564**	11,103
- Ringgit Malaysia	**550,000**	168,000
	559,564	179,103

15. Borrowings (continued)

(a) Term loans (continued)

The maturity of term loans are as follows:

		Fixed interest rate						Floating interest rate			
Group	**Currency**	**<1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**> 5 years RM'000**	**<1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**Total RM'000**
At 31 December 2008											
Secured											
Term loan	RM	**50,000**	**10,000**	**60,000**	**60,000**	**170,000**	**200,000**	**-**	**-**	**-**	**550,000**
Unsecured											
Term loan	USD	**-**	**-**	**-**	**-**	**-**	**-**	**2,781**	**4,171**	**2,612**	**9,564**
		50,000	**10,000**	**60,000**	**60,000**	**170,000**	**200,000**	**2,781**	**4,171**	**2,612**	**559,564**
Company											
At 31 December 2008											
Secured											
Term loan	RM	**50,000**	**-**	**-**	**-**	**-**	**200,000**	**-**	**-**	**-**	**250,000**

		Fixed interest rate		Floating interest rate				
Group	**Currency**	**<1 year RM'000**	**1 – 2 years RM'000**	**<1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**> 3 - 4 years RM'000**	**Total RM'000**
At 31 December 2007								
Secured								
Term loan	RM	-	50,000	-	-	-	-	50,000
Unsecured								
Term loan	USD	-	-	1,988	2,650	3,976	2,489	11,103
Term loan	RM	118,000	-	-	-	-	-	118,000
		118,000	50,000	1,988	2,650	3,976	2,489	179,103
Company								
At 31 December 2007								
Secured								
Term loan	RM	-	50,000	-	-	-	-	50,000

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

15. Borrowings (continued)

(a) Term loans (continued)

In May 2008, the Company borrowed a fixed rate term loan of RM200 million to finance the Company's ongoing property development projects requirement and the Gardens Mall project subject to certain covenants which the Company is required to maintain.

(b) Redeemable secured bonds

	Group	
	2008	2007
	RM'000	RM'000
Current:		
Secured	**40,000**	40,000
Non-current:		
Secured	**250,000**	290,000
	290,000	330,000

Currency profile of redeemable secured bonds

The currency exposure profile of redeemable secured bonds is as follows:

	Group	
	2008	2007
	RM'000	RM'000
- Ringgit Malaysia	**290,000**	330,000

The maturity of the redeemable secured bonds are as follows:

	Fixed interest rate						
Group	**<1 year RM'000**	**1 – 2 years RM'000**	**2 - 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**> 5 years RM'000**	**Total RM'000**
At 31 December 2008							
- Redeemable secured bonds	**40,000**	**50,000**	**50,000**	**50,000**	**50,000**	**50,000**	**290,000**
At 31 December 2007							
- Redeemable secured bonds	40,000	40,000	50,000	50,000	50,000	100,000	330,000

Notes to the financial statements (continued)
for the financial year ended 31 December 2008

15. Borrowings (continued)

(b) Redeemable secured bonds (continued)

In September 2004, a subsidiary, Mid Valley Capital Sdn Bhd, issued 2 classes of RM400 million nominal value redeemable secured bonds ('MVCap Bonds'). Class 1 Bonds comprise 6 series with issue amount up to RM285 million and Class 2 Bonds comprise 4 series with issue amount up to RM115 million.

The MVCap Bonds are secured as follows:

(a) Legal assignment of all cashflows, tenancy agreements and insurance policies in relation to the Mid Valley Megamall;
(b) Third party first rank fixed and floating charge over the Mid Valley Megamall (note 19) and by way of debenture over assets, undertakings and paid-up capital of Mid Valley City Sdn Bhd and Mid Valley Capital Sdn Bhd; and
(c) Power of Attorney granted in favour of the trustee for the MVCap Bonds for the sale of Mid Valley Megamall.

The MVCap Bonds contains covenants which require Mid Valley City Sdn Bhd to maintain a Debt Service Coverage Ratio ('DSCR') of 1.5 times.

(c) Bank guaranteed bonds

	Group	
	2008	2007
	RM'000	RM'000
Non-current:		
Unsecured	**197,522**	196,268

Currency profile of bank guaranteed bonds

The currency exposure profile of bank guaranteed bonds is as follows:

	Group	
	2008	2007
	RM'000	RM'000
- Ringgit Malaysia	**197,522**	196,268

The maturity of the bank guaranteed bonds are as follows:

Group	**<1 year RM'000**	**1 – 2 years RM'000**	**2 - 3 year RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**Total RM'000**
At 31 December 2008						
- Bank guaranteed bonds	**-**	**-**	**-**	**197,522**	**-**	**197,522**
At 31 December 2007						
- Bank guaranteed bonds	-	-	-	-	196,268	196,268

In December 2005, a subsidiary, KrisAssets Holdings Berhad issued RM200 million nominal value 7-year AAA-rated bank guaranteed bonds ('BG Bonds') with detachable provisional rights to allot 110,134,166 5-year warrants of Kris.

The BG Bonds are secured as follows:

(a) Third party third legal charge over Mid Valley Megamall (note 19);
(b) Third ranking legal assignment created by, a subsidiary of KrisAssets Holdings Berhad, Mid Valley City Sdn Bhd, over all its insurance policies; and
(c) Debenture to create a third-ranking fixed and floating charge over all of Mid Valley City Sdn Bhd's assets and undertakings, both present and future.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

16. 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	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Deferred tax assets	**10,522**	3,674	**520**	520
Deferred tax liabilities:				
- subject to income tax	**(81,546)**	(93,357)	**-**	-
At 31 December	**(71,024)**	(89,683)	**520**	520

	Note	Group		Company	
	Note	**2008**	2007	**2008**	2007
		RM'000	RM'000	**RM'000**	RM'000
At 1 January		**(89,683)**	(96,769)	**520**	520
Credited/(charged) to income statement:	9				
- property, plant and equipment		**4,216**	10,967	**-**	-
- property development costs		**812**	1,934	**-**	-
- tax losses		**(1,167)**	(7,157)	**-**	-
- others		**(619)**	1,342	**-**	-
		3,242	7,086	**-**	-
- realisation of deferred tax on disposal of an associate		**558**	-	**-**	-
- realisation of deferred tax on impairment of assets		**10,075**	-	**-**	-
Charged to equity:					
- reversal of deferred tax arising from change in tax rate		**3,800**	-	**-**	-
- realisation of deferred tax on property, plant and equipment		**984**	-	**-**	-
At 31 December		**(71,024)**	(89,683)	**520**	520

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

16. Deferred taxation (continued)

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Subject to income tax				
Deferred tax assets (before offsetting)				
- Property, plant & equipment	**8,932**	522	**-**	-
- Tax losses	**177**	1,344	**-**	-
- Others	**1,588**	2,207	**600**	600
	10,697	4,073	**600**	600
Offsetting	**(175)**	(399)	**(80)**	(80)
Deferred tax assets (after offsetting)	**10,522**	3,674	**520**	520
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(70,771)**	(71,363)	**80**	80
- Property development costs	**(9,843)**	(20,478)	**-**	-
- Land held for property development	**(990)**	(990)	**-**	-
- Others	**(117)**	(925)	**-**	-
	(81,721)	(93,756)	**80**	80
Offsetting	**175**	399	**(80)**	(80)
Deferred tax liabilities (after offsetting)	**(81,546)**	(93,357)	**-**	-

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

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Deductible temporary differences	**164**	680	**-**	-
Tax losses	**54,720**	62,810	**-**	-
	54,884	63,490	**-**	-
Deferred tax assets not recognised at 25% (2007:26%)	**13,721**	15,872	**-**	-

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

17. Property, plant and equipment

Group

2008	Note	Freehold land RM'000	Hotel properties: Freehold land RM'000	Hotel properties: Hotel buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work in progress RM'000	Total RM'000
At 1 January										
At cost		10,075	-	55,070	56,788	81,627	7,138	130,935	450,051	791,684
At valuation		18,200	88,577	206,225	-	-	-	-	-	313,002
Additions		-	-	157	-	9,185	755	83,230	75,275	168,602
Currency translation differences		-	-	-	1,565	976	13	345	-	2,899
Reclassification		-	-	97,973	229	7,100	-	7,121	(112,423)	-
Transferred to investment properties	19	-	-	-	(22,269)	(20,387)	-	-	(291,560)	(334,216)
Disposal of subsidiary		-	-	-	-	-	(80)	(190)	-	(270)
Write off		-	-	-	-	(11)	(105)	(934)	-	(1,050)
Disposals		(580)	-	(202)	-	(1,668)	(509)	(3,838)	-	(6,797)
At 31 December		27,695	88,577	359,223	36,313	76,822	7,212	216,669	121,343	933,854
Accumulated depreciation										
At 1 January		-	-	10,019	8,225	42,538	4,658	62,730	-	128,170
Charge for the financial year		-	-	6,834	1,132	5,251	963	19,555	-	33,735
Currency translation differences		-	-	-	502	371	13	285	-	1,171
Transferred to investment properties	19	-	-	-	(5,371)	(6,090)	-	-	-	(11,461)
Reclassification		-	-	(42)	(544)	317	-	269	-	-
Disposal of subsidiary		-	-	-	-	-	(50)	(98)	-	(148)
Write off		-	-	-	-	-	(113)	(732)	-	(845)
Disposals		-	-	-	-	(1,315)	(428)	(52)	-	(1,795)
At 31 December		-	-	16,811	3,944	41,072	5,043	81,957	-	148,827
Accumulated impairment losses										
At 1 January / 31 December		-	-	6,000	21,020	-	-	-	-	27,020
Net book value										
At 31 December 2008										
At cost		9,495	-	149,097	11,349	35,750	2,169	134,712	121,343	463,915
At valuation		18,200	88,577	187,315	-	-	-	-	-	294,092
		27,695	88,577	336,412	11,349	35,750	2,169	134,712	121,343	758,007

17. Property, plant and equipment (continued)

Group

2007	Note	Freehold land RM'000	← Hotel properties → Freehold land RM'000	Hotel properties Hotel buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work in progress RM'000	Total RM'000
At 1 January										
At cost		40,131	-	82,534	60,468	65,546	6,578	98,447	627,301	981,005
At valuation		18,200	86,872	206,667	-	-	-	-	-	311,739
Additions		-	-	4,627	140	10,794	955	30,816	375,379	422,711
Currency translation differences		-	-	-	(2,460)	(1,190)	(17)	(243)	-	(3,910)
Reclassification		-	1,705	(32,533)	(1,360)	6,513	-	25,444	231	-
Transferred to investment properties	19	-	-	-	-	-	-	-	(543,750)	(543,750)
Transferred land held for property development	18	(30,056)	-	-	-	-	-	-	(9,110)	(39,166)
Write off		-	-	-	-	(7)	(20)	(22,978)	-	(23,005)
Disposals		-	-	-	-	(29)	(358)	(551)	-	(938)
At 31 December		28,275	88,577	261,295	56,788	81,627	7,138	130,935	450,051	1,104,686
Accumulated depreciation										
At 1 January		-	-	6,605	12,963	34,139	4,000	64,091	-	121,798
Charge for the financial year		-	-	5,780	1,115	6,938	851	15,034	-	29,718
Currency translation differences		-	-	-	(900)	(327)	(17)	(118)	-	(1,362)
Reclassification		-	-	(2,366)	(4,953)	1,819	-	5,500	-	-
Write off		-	-	-	-	(7)	(20)	(21,304)	-	(21,331)
Disposals		-	-	-	-	(24)	(156)	(473)	-	(653)
At 31 December		-	-	10,019	8,225	42,538	4,658	62,730	-	128,170
Accumulated impairment losses										
At 1 January		-	-	6,000	14,000	-	-	-	-	20,000
Charge for the financial year		-	-	-	7,020	-	-	-	-	7,020
At 31 December		-	-	6,000	21,020	-	-	-	-	27,020
Net book value										
At 31 December 2007										
At cost		10,075	-	53,230	27,543	39,089	2,480	68,205	450,051	650,673
At valuation		18,200	88,577	192,046	-	-	-	-	-	298,823
		28,275	88,577	245,276	27,543	39,089	2,480	68,205	450,051	949,496

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

17. Property, plant and equipment (continued)

Company 2008	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Total RM'000
At cost					
At 1 January	**1,932**	**5,621**	**2,027**	**5,173**	**14,753**
Additions	**-**	**-**	**256**	**3,426**	**3,682**
At 31 December	**1,932**	**5,621**	**2,283**	**8,599**	**18,435**
Accumulated depreciation					
At 1 January	**463**	**5,580**	**1,013**	**3,096**	**10,152**
Charge for the financial year	**40**	**41**	**360**	**1,197**	**1,638**
At 31 December	**503**	**5,621**	**1,373**	**4,293**	**11,790**
Net book value					
At 31 December 2008	**1,429**	**-**	**910**	**4,306**	**6,645**
2007					
At cost					
At 1 January	1,932	5,621	1,377	4,130	13,060
Additions	-	-	650	1,678	2,328
Write off	-	-	-	(635)	(635)
At 31 December	1,932	5,621	2,027	5,173	14,753
Accumulated depreciation					
At 1 January	424	5,515	735	3,122	9,796
Charge for the financial year	39	65	278	609	991
Write off	-	-	-	(635)	(635)
At 31 December	463	5,580	1,013	3,096	10,152
Net book value					
At 31 December 2007	1,469	41	1,014	2,077	4,601

(a) Freehold land

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

During the financial year ended 31 December 2006, a valuation was carried out by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia, and a partner with Khong & Jaafar Sdn Bhd. The valuation was arrived at by the Comparison Method of Valuation where reference was made to sales transactions as well as selling prices of similar properties in the neighbourhood. Based on this valuation, the value of the freehold land is RM18,200,000 as compared to its carrying value of RM26,998,000. The deficit of RM8,798,000 had been accounted for by reversing previous revaluation surplus of RM8,798,000 for the same asset.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

17. Property, plant and equipment (continued)

(b) Hotel properties

In accordance with the Group's accounting policy on property, plant and equipment, hotel properties (land and building) are revalued on a periodic basis by external independent valuers. The following were the valuations performed on hotel properties in previous financial years:

<u>Freehold land</u>

The freehold land of hotel properties of a subsidiary stated at valuation was revalued during the financial year ended 31 December 2006 by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia, and a partner with Khong & Jaafar Sdn Bhd. The valuation was arrived at by the Comparison Method of Valuation where reference was made to similar resorts.

Based on this valuation, the value of the freehold land is RM15,500,000 as compared to its carrying value of RM16,133,000. The deficit of RM633,000 has been accounted for by reversing previous revaluation surplus for the same asset.

<u>Hotel building</u>

(i) The hotel building of a subsidiary stated at valuation was revalued during the financial year ended 31 December 2006 by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia and a partner with Khong & Jaafar Sdn Bhd. The valuation was arrived at by the Comparison Method of Valuation where reference was made to similar resorts.

Based on this valuation, the value of the hotel building was RM50,000,000, as compared to the carrying value of RM44,581,000. The resultant surplus of RM6,311,000 had been credited to revaluation reserve and adjusted to the hotel building by eliminating the accumulated depreciation of RM892,000.

(ii) A hotel building was revalued during the financial year ended 31 December 2006 by an independent qualified valuer, Mr Subramaniam A/L Arumugam, a registered valuer of Colliers, Jordan Lee & Jaafar Sdn Bhd using the comparison method to reflect the market value of the hotel building.

Based on this valuation, the value of the hotel building was RM103,000,000, as compared to its carrying value of RM32,236,000. The resultant surplus of RM70,764,000 had been credited to revaluation surplus.

	Group	
	2008	2007
	RM'000	RM'000
Net book value of revalued property, plant and equipment had these assets been carried at cost less accumulated depreciation:		
- freehold land	**1,040**	1,040
- hotel properties:		
- land	**24,462**	24,462
- buildings	**117,205**	119,185
	141,667	143,647
Net book value of assets pledged as security for borrowings (note 15):		
- hotel properties	**45,167**	45,505

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

18. Property development activities

(a) Land held for property development

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Freehold land		**140.261**	96,566	**6,345**	6,345
Leasehold land		**33,100**	33,100	**-**	-
Development costs		**103,445**	93,462	**207**	58
		276,806	223,128	**6,552**	6,403
Add: Cost incurred during the financial year					
- Land costs		**17,486**	13,698	**-**	-
- Development costs		**2,393**	814	**623**	149
Add: Transferred from property development cost					
- Land costs	18(b)	**27,442**	-	**-**	-
Add: Transferred from property, plant and equipment					
- Land costs	17	**-**	30,056	**-**	-
- Development costs	17	**-**	9,110	**-**	-
		324,127	276,806	**7,175**	6,552
Less: Compulsory acquisition		**(55)**	-	**-**	-
Less: Accumulated impairment losses		**(67,431)**	(11,595)	**-**	-
		256,641	265,211	**7,175**	6,552

(b) Property development costs

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Freehold land		**172,109**	172,069	**9,444**	9,444
Leasehold land		**14,314**	14,314	**-**	-
Development costs		**317,641**	181,665	**134,283**	69,988
		504,064	368,048	**143,727**	79,432
Add: Cost incurred during the financial year					
- Land costs		**-**	40	**-**	-
- Development costs		**119,190**	135,976	**77,589**	64,295
		623,254	504,064	**221,316**	143,727
Less: Accumulated costs recognised as an expense in income statement		**(361,410)**	(355,720)	**(216,274)**	(138,715)
Less: Reversal of completed projects					
- Land costs		**(19,837)**	-	**-**	-
- Development costs		**(115,958)**	-	**-**	-
Less: Transferred to land held for property development					
- Land costs	18(a)	**(27,442)**	-	**-**	-
Transferred to inventories	24	**(5,042)**	-	**(5,042)**	-
		93,565	148,344	**-**	5,012

Included in the Group's property development costs incurred during the financial year is interest capitalised of RM2,073,000 (2007: RM1,364,000) (Note 8).

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

18. Property development activities (continued)

(b) Property development costs (continued)

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
As at 31 December 2008:				
Freehold land	**152,272**	172,109	**9,444**	9,444
Leasehold land	**14,314**	14,314	**-**	-
Development costs	**320,873**	317,641	**211,872**	134,283
Accumulated costs recognised as an expense in income statement	**(361,410)**	(355,720)	**(216,274)**	(138,715)
Transferred to inventories	**(5,042)**	-	**(5,042)**	-
Transferred to land held for property development	**(27,442)**	-	**-**	-
	93,565	148,344	**-**	5,012

19. Investment properties

Group	Note	Freehold land RM'000	Buildings RM'000	Building fittings RM'000	Total RM'000
2008					
At cost					
At 1 January		**107,935**	**1,103,820**	**247,299**	**1,459,054**
Transferred from property, plant and equipment	17	**-**	**240,917**	**93,299**	**334,216**
Transferred from long term prepaid lease	20	**-**	**8,475**	**-**	**8,475**
Additions		**-**	**2,417**	**24,167**	**26,584**
Write off		**-**	**-**	**(5,300)**	**(5,300)**
At 31 December		**107,935**	**1,355,629**	**359,465**	**1,823,029**
Accumulated depreciation					
At 1 January		**-**	**88,668**	**135,289**	**223,957**
Transferred from property, plant and equipment	17	**-**	**5,371**	**6,090**	**11,461**
Charge for the financial year		**-**	**25,248**	**35,784**	**61,032**
Write off		**-**	**-**	**(684)**	**(684)**
At 31 December		**-**	**119,287**	**176,479**	**295,766**
Net book value					
31 December 2008		**107,935**	**1,236,342**	**182,986**	**1,527,263**
2007					
At cost					
At 1 January		107,935	537,628	149,312	794,875
Transferred from property, plant and equipment	17	-	490,731	53,019	543,750
Additions		-	75,461	44,968	120,429
At 31 December		107,935	1,103,820	247,299	1,459,054
Accumulated depreciation					
At 1 January		-	73,850	114,823	188,673
Charge for the financial year		-	14,818	20,466	35,284
At 31 December		-	88,668	135,289	223,957
Net book value					
31 December 2007		107,935	1,015,152	112,010	1,235,097

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

19. Investment properties (continued)

The fair value of the investment properties above were estimated at RM3,509,314,000 (2007: RM2,506,537,000) based on either valuations by independent qualified valuers or management estimates. Valuations were based on current prices in an active market for certain properties and where appropriate, the investment method reflecting receipt of contractual rentals, expected future market rentals, current market yields, void periods, sinking funds and maintenance requirements and approximate capitalisation rates is used. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

Investment properties with net book values RM369,008,000 (2007: RM385,681,000) have been charged as security for borrowings as disclosed in Note 15.

20. Long term prepaid lease

	Note	Group 2008 RM'000	Group 2007 RM'000
At cost			
At 1 January		**223,614**	123,741
Additions		**659**	100,301
Transferred to investment property	19	**(8,475)**	-
Foreign exchange difference		**317**	(428)
At 31 December		**216,115**	223,614
Accumulated depreciation			
At 1 January		**6,775**	5,356
Additions		**2,380**	1,532
Foreign exchange difference		**103**	(114)
At 31 December		**9,258**	6,774
Net book value			
At 31 December		**206,857**	216,840

Long term prepaid lease with net book value of RM97,347,000 (2007: RM97,429,000) has been charged as security for borrowings as disclosed in Note 15.

21. Subsidiaries

	Company 2008 RM'000	Company 2007 RM'000
At cost		
- Quoted shares	**670,793**	695,793
- Quoted warrants	**4,998**	4,998
- Unquoted shares	**1,097,113**	1,097,981
	1,772,904	1,798,772
Less: Accumulated impairment losses	**(3,096)**	(3,754)
	1,769,808	1,795,018
Market value of quoted shares	**643,576**	767,340
Market value of quoted warrants	**33,326**	102,476

Details of subsidiaries are set out in note 38.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

22. Associates

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
At cost				
- Unquoted shares in Malaysia	**251,602**	279,355	**130,582**	130,242
- Unquoted shares outside Malaysia	**28,453**	31,395	**-**	-
	280,055	310,750	**130,582**	130,242
Group's share of revaluation surplus	**70,394**	68,448	**-**	-
Group's share of post acquisition reserves less losses	**194,099**	197,018	**-**	-
	544,548	576,216	**130,582**	130,242
Less: Impairment losses	**(2,200)**	(1,482)	**(2,200)**	(1,482)
	542,348	574,734	**128,382**	128,760

During the financial year, the Group disposed its entire 30% interest in an associate as disclosed in note 37.

The Group's share of revenue, profit, assets and liabilities of associates is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Revenue	**195,149**	247,292
Profit after tax	**44,859**	40,115
Non-current assets	**707,309**	795,940
Current assets	**264,247**	289,342
Current liabilities	**(274,495)**	(303,497)
Non-current liabilities	**(152,513)**	(205,569)
Net assets	**544,548**	576,216
Less: Accumulated impairment losses	**(2,200)**	(1,482)
	542,348	574,734

Details of associates are set out in note 39.

23. Other investments

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Unquoted shares				
- In Malaysia	**11,784**	11,784	**3,900**	3,900
- Outside Malaysia	**46,792**	46,792	**-**	-
	58,576	58,576	**3,900**	3,900
Less: Accumulated impairment losses	**(52,364)**	(51,730)	**(1,838)**	(1,838)
	6,212	6,846	**2,062**	2,062

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

24. Inventories

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
At cost				
Inventories of unsold properties	**64,228**	63,267	**38,791**	34,235
Finished goods	**5**	330	**-**	-
Hotel operating supplies	**1,209**	1,011	**-**	-
	65,442	64,608	**38,791**	34,235
At net realisable value				
Inventories of unsold properties	**2,183**	1,968	**-**	-
	67,625	66,576	**38,791**	34,235

25. Marketable securities

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
At cost				
Quoted shares				
- In Malaysia	**61,383**	74,036	**61,383**	61,383
Less: Accumulated impairment losses	**(23,827)**	(502)	**(23,827)**	(502)
	37,556	73,534	**37,556**	60,881
Market value				
Quoted shares				
- In Malaysia	**37,556**	97,346	**37,556**	80,428

26. Trade and other receivables

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Trade receivables	**93,477**	79,443	**12,760**	6,931
Less: Allowance for doubtful debts	**(16,209)**	(9,325)	**(924)**	(1,127)
	77,268	70,118	**11,836**	5,804
Other receivables	**28,260**	31,293	**15,897**	14,323
Less: Allowance for doubtful debts	**(5,810)**	(5,810)	**(5,810)**	(5,810)
	22,450	25,483	**10,087**	8,513
Accrued billings	**36,852**	83,447	**6,860**	51,869
Dividend receivable	**-**	-	**60,907**	1,825
Sundry deposits	**9,486**	7,214	**1,887**	817
Prepayments	**12,448**	14,325	**-**	-
	158,504	200,587	**91,577**	68,828
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	**92,289**	78,902	**12,760**	6,931
- US Dollar	**1,188**	541	**-**	-
	93,477	79,443	**12,760**	6,931

Credit terms of trade receivables of the Group and Company range from payment in advance to 45 days (2007: payment in advance to 45 days).

The Group's trade receivables consist of amounts owing by purchasers of properties, tenants of office and commercial buildings 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 believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

27. Amounts owing by/to subsidiaries

	Company	
	2008	2007
	RM'000	RM'000
Amounts owing by subsidiaries	**985,568**	1,003,790
Less: Allowance for doubtful debts	**(40,415)**	(40,415)
	945,153	963,375
Amounts owing to subsidiaries	**748,777**	670,781

The amounts owing by/to subsidiaries represent advances which are unsecured and have no fixed terms of repayment. The amounts owing by subsidiaries are interest free (2007: interest free) except for an amount of RM84,299,000 (2007: RM38,606,000), which carries interest at a rate of 3.75% (2007: 3.75%) per annum. The amounts owing to subsidiaries are interest free (2007: interest free) except for an amount of RM170,908,000 (2007: RM97,015,000), which carries interest at a rate of 3.00% (2007: 3.00%) per annum.

28. Amounts owing by/to associates

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Amounts owing by associates	**122,397**	126,410	**101,884**	98,022
Less: Allowance for doubtful debts	**(3,477)**	(3,477)	**(3,477)**	(3,477)
	118,920	122,933	**98,407**	94,545
Amounts owing to associates	**24,386**	27,582	**-**	-

The amounts owing by/to associates represent advances, which are unsecured, interest free (2007: interest free) and have no fixed terms of repayment.

29. Cash and cash equivalents

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

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**528,954**	335,247	**320,366**	175,699
Cash and bank balances	**127,184**	119,136	**89,195**	18,033
Bank overdrafts	**-**	(1,149)	**-**	(1,149)
	656,138	453,234	**409,561**	192,583

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
The currency exposure profile of cash and cash equivalents is as follows:				
- Ringgit Malaysia	**501,266**	328,434	**301,442**	110,384
- US Dollar	**110,774**	83,973	**108,119**	82,199
- Singapore Dollar	**3,275**	3,112	**-**	-
- Hong Kong Dollar	**37,123**	34,247	**-**	-
- Australian Dollar	**3,700**	3,468	**-**	-
	656,138	453,234	**409,561**	192,583

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

29. Cash and cash equivalents (continued)

Included in the above is cash and bank balances amounting to RM94,795,000 (2007: RM37,738,000) and RM85,708,000 (2007: RM17,570,000) for the Group and Company 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.

Included in the above is cash and cash equivalents amounting to RM161,711,000 (2007: RM163,147,000) for the Group have been assigned as security pursuant to the redeemable secured bonds and bank guaranteed Bonds of certain subsidiaries.

Deposits with licensed banks of the Group and Company at the balance sheet date both have an average maturity period of 31 days (2007: 31 days). Bank balances are deposits held at call with banks and earn no interest except for bank balances which are maintained in designated Housing Development Accounts, of which the weighted average interest rate as at the balance sheet date is 2% (2007: 2%) per annum.

The weighted average effective interest rates of deposits with licensed banks as at financial year end are as follows:

	Group		Company	
	2008	2007	**2008**	2007
	% per annum	% per annum	**% per annum**	% per annum
Deposits with licensed banks				
- Ringgit Malaysia	**3.14**	3.34	**3.19**	3.23
- US Dollar	**0.33**	4.31	**0.33**	4.31
- Singapore Dollar	**0.35**	1.53	**-**	-
- Hong Kong Dollar	**2.01**	4.26	**-**	-
- Australian Dollar	**3.84**	5.90	**-**	-

30. Trade and other payables

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**290,836**	414,151	**39,453**	16,672
Accruals	**64,230**	68,964	**4,122**	4,222
Other payables	**68,617**	70,898	**4,289**	3,813
Tenants' deposits received	**49,645**	35,033	**1,191**	1,201
	473,328	589,046	**49,055**	25,908
The currency exposure profile of trade payables is as follows:				
- Ringgit Malaysia	**279,932**	403,417	**39,453**	16,672
- US Dollar	**10,904**	10,734	**-**	-
	290,836	414,151	**39,453**	16,672

Credit terms of trade payables vary from no credit to 30 days (2007: no credit to 30 days).

Included in the trade payables of the Group is retention on contract sum of RM34,850,000 (2007: RM40,889,000).

31. Amount owing (to)/by a jointly controlled entity

	Group	
	2008	2007
	RM'000	RM'000
Amount owing (to)/by a jointly controlled entity	**(1,204)**	11,937
Share of profit of a jointly controlled entity	**7,073**	6,271
	5,869	18,208

The Group has a 50% interest in a Malaysian jointly controlled entity, Shimizu-Ensignia Joint Venture, which is in the construction industry.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

31. Amount owing (to)/by a jointly controlled entity (continued)

The Group's share of the assets and liabilities of the jointly controlled entity is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Current assets	**26,997**	49,627
Current liabilities	**(24,009)**	(39,264)
Net amount due from joint venture partner	**2,881**	7,845
	5,869	18,208

The Group's share of revenue and expenses of the jointly controlled entity is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Contract revenue	**48,031**	163,514
Contract costs	**(47,229)**	(160,370)
Profit for the financial year	**802**	3,144

In accordance with the provisions of the Malaysian Income Tax Act, 1967, the partners of the joint venture are taxed individually on their share of profit arising from the joint venture.

32. 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, shoplots and office suites
- Property investment and management - rental income and service charge from retail and office building
- Hotel - income from hotel operations
- Construction - civil and building construction

Other operations of the Group mainly comprise investment holding; none of which are of a significant size to be reported separately.

Inter segment 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 (continued)

for the financial year ended 31 December 2008

32. Segment reporting – Group (continued)

(a) Primary reporting format – business segments

2008	Note	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue							
Total revenue		180,312	372,170	139,005	154,639	28,415	874,541
Intersegment revenue		-	(6,727)	(3,693)	(154,639)	(21,258)	(186,317)
External revenue		180,312	365,443	135,312	-	7,157	688,224
Results							
Segment results (external)		5,195	135,948	26,848	507	(17,426)	151,072
Unallocated corporate expenses							(29,411)
Interest income							14,077
Profit from operations							135,738
Finance cost							(55,823)
Share of results of associates		(465)	(701)	46,216	-	(191)	44,859
Gain on disposal of associates		-	-	-	-	83,589	83,589
Profit before tax							208,363
Tax expense							(35,495)
Profit for the financial year							172,868
Other information							
Segment assets		693,096	2,219,935	499,199	23,548	57,782	3,493,560
Associates		119,028	18,668	364,302	-	40,350	542,348
Jointly controlled entity		-	-	-	5,869	-	5,869
Unallocated assets							408,317
Total assets							4,450,094
Segment liabilities		212,604	254,994	20,629	2,781	5,720	496,728
Unallocated liabilities							1,174,369
Total liabilities							1,671,097
Capital expenditure:							
- property, plant and equipment	17	1,235	77,489	87,026	72	2,780	168,602
- investment properties	19	-	26,584	-	-	-	26,584
- long term prepaid lease	20	-	-	659	-	-	659
Depreciation:							
- property, plant and equipment	17	1,602	4,338	26,065	1,312	418	33,735
- investment properties	19	-	61,032	-	-	-	61,032
- long term prepaid lease	20	17	2,120	243	-	-	2,380
Impairment loss:							
- land held for property development	6	55,836	-	-	-	-	55,836
- inventories	6	248	-	-	-	-	248
- marketable securities	6	-	-	-	-	23,325	23,325
- other investments	6	-	-	-	-	634	634

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

32. Segment reporting – Group (continued)

(a) Primary reporting format – business segments (continued)

2007	Note	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue							
Total revenue		262,034	258,224	140,535	319,120	47,862	1,027,775
Intersegment revenue		-	(5,298)	(3,755)	(319,120)	(25,671)	(353,844)
External revenue		262,034	252,926	136,780	-	22,191	673,931
Results							
Segment results (external)		52,480	110,641	35,060	-	(1,846)	196,335
Unallocated corporate expenses							(25,493)
Interest income							16,723
Profit from operations							187,565
Finance cost							(41,891)
Share of results of associates		1,193	258	34,477	-	4,187	40,115
Gain on disposal of associates		15,119	-	3,281	-	-	18,400
Profit before tax							204,189
Tax expense							(56,470)
Profit for the financial year							147,719
Other information							
Segment assets		758,769	2,131,739	506,399	31,671	57,983	3,486,561
Associates		130,460	19,369	365,529	-	59,375	574,733
Jointly controlled entity		-	-	-	18,208	-	18,208
Unallocated assets							262,594
Total assets							4,342,096
Segment liabilities		220,738	298,830	17,236	24,629	49,779	611,212
Unallocated liabilities							1,001,899
Total liabilities							1,613,111
Capital expenditure:							
- property, plant and equipment	17	206,539	40,855	174,393	909	15	422,711
- investment properties	19	-	120,429	-	-	-	120,429
- long term prepaid lease	20	-	100,301	-	-	-	100,301
Depreciation:							
- property, plant and equipment	17	1,734	5,102	21,461	1,374	47	29,718
- investment properties	19	-	35,284	-	-	-	35,284
- long term prepaid lease	20	16	1,301	215	-	-	1,532
Impairment loss:							
- property, plant and equipment	6	-	-	7,020	-	-	7,020
- land held for property development	6	800	-	-	-	-	800
- other investments	6	-	-	-	-	1,090	1,090

Note: Total revenue is shown at net of intra group dividend income.

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

32. Segment reporting – Group (continued)

(b) Secondary reporting format – geographical segments

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

- Malaysia * - property development, property investment, and management, hotel operation and construction
- Asia Pacific - mainly hotel and investment holding
- United Kingdom - mainly hotel operation

* Company's home country

	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
2008			
Malaysia	**680,288**	**4,183,167**	**195,815**
Asia Pacific	**7,936**	**116,025**	**30**
United Kingdom	**-**	**150,902**	**-**
	688,224	**4,450,094**	**195,845**
2007			
Malaysia	668,044	4,070,684	643,422
Asia Pacific	5,887	116,324	19
United Kingdom	-	155,088	-
	673,931	4,342,096	643,441

In determining the geographical of the Group, revenue is based on the country in which the customers are located. Total segment assets and capital expenditure incurred during the financial year are determined according to the country where these assets are located.

33. Contingent liabilities

	Company	
	2008	2007
	RM'000	RM'000
Corporate guarantees issued for banking facilities granted to subsidiaries (unsecured)	**342,054**	200,496

34. Capital commitment

Capital expenditure not provided for in the financial statements is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Authorised by Directors and contracted		
- Property, plant and equipment	**123,025**	179,676
- Investment properties	**-**	127,164
	123,025	306,840
Authorised by Directors but not contracted		
- Property, plant and equipment	**6,393**	16,622
	129,418	323,462

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

35. Significant related party disclosures

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

Group

	Group	
	2008	2007
	RM'000	RM'000
(a) Associates		
(i) Repayments of advances from associates	**3,568**	119
(ii) Advances to associates	**2,478**	4,783
(iii) Return of capital from an associate	**3,454**	15,557
(b) Jointly controlled entity		
(i) Repayments of advances from jointly controlled entity	**19,871**	36,846
(ii) Advances to jointly controlled entity	**32,210**	29,475

(c) Other related parties

Other related parties	Relationship
Wah Seong (Malaya) Trading Co. Sdn Bhd	A company in which Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.
Cahaya Utara Sdn Bhd	An associate of Wah Seong (Malaya) Trading Co. Sdn Bhd.
Strass Media Sdn Bhd	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn Bhd.

	Group	
	2008	2007
	RM'000	RM'000
Light boxes rental, pedestrian bridge and office rental		
- Strass Media Sdn Bhd	**1,005**	1,328
Management/marketing fee income from:		
- Cahaya Utara Sdn Bhd	**1,291**	1,330

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

35. Significant related party disclosures (continued)

Company

	Company 2008 RM'000	2007 RM'000
(a) Subsidiaries		
(i) Interest charged to subsidiaries	**2,101**	-
(ii) Interest charged by subsidiaries	**1,311**	55
(iii) Advances to subsidiaries	**299,288**	601,594
(iv) Advances from subsidiaries	**175,888**	156,519
(v) Repayment of advances from subsidiaries	**306,856**	357,645
(vi) Repayment of advances to subsidiaries	**90,939**	59,774
(b) Associates		
(i) Repayment of advances from associates	**1,844**	3,240
(ii) Advances to associates	**404**	4,640

(iii) Remuneration of key management personnel compensation for the financial year is as follows:

	Group 2008 RM'000	2007 RM'000
Salaries, bonus and allowance	**16,723**	13,182
Termination benefits	**108**	-
Post-employment benefits	**360**	-
Defined contribution plan	**1,740**	1,343
Share-based payment	**56**	320
Other short term benefits	**419**	2,025
	19,406	16,870

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

36. Changes in Group structure

Acquisition during the financial year

(a) On 24 January 2008, the Company announced to Bursa Malaysia that the Company had acquired the remaining 50% of the issued and paid-up share capital of Rapid Alpha Sdn Bhd for a total consideration of RM45,000. With the acquisition Rapid Alpha Sdn Bhd becomes a wholly-owned subsidiary of the Company. The financial impact of the acquisition is not disclosed as it is not material to the Group.

(b) On 14 March 2008, the Company announced to Bursa Malaysia that TTD Sdn Bhd, a wholly-owned subsidiary of Tan & Tan Developments Berhad, which is in turn a wholly-owned subsidiary of the Company had on 13 March 2008 acquired 100% in Sigma Setiara Sdn Bhd comprising two ordinary shares of RM1.00 each fully paid at par. The financial impact of the acquisition is not disclosed as it is not material to the Group.

Liquidation during the financial year

(c) In July 2008, the Company's wholly-owned subsidiaries, namely City Beauty Sdn Bhd, IGB Credit Sdn Bhd, IGB Real Estate Sdn Bhd, Kilat Security Sdn Bhd, Lucravest Holdings Sdn Bhd and Mid Valley Food Management Sdn Bhd, had been liquidated via Members' Voluntary Liquidation. The dissolutions were completed on 31 October 2008.

(d) In December 2008, the Company's subsidiaries, namely Mid Valley Mulia Sdn Bhd, Mid Valley MC Sdn Bhd, Mid Valley Properties Sdn Bhd, and X- Speed Skatepark Sdn Bhd, had been liquidated via Members' Voluntary Liquidation. The dissolutions were completed on 30 March 2009.

(e) In January 2008, an associate of the Company, Weian Investments Pte Ltd had been liquidated via Members' Voluntary Liquidation.

Disposal during the financial year

(f) On 18 February 2008, the equity restructuring in Technoltic Engineering Sdn Bhd was completed, hence, it has become an associate of the Company which the Company holds 40% of the equity.

(g) In financial year 2008, the Group has disposed all of its 30% interest in Gleneagles Hospital (Kuala Lumpur) Sdn Bhd. Please refer to Note 37 for the details of the disposal.

37. Significant events during the financial year

On 1 July 2008, the Company announced to Bursa Malaysia that Tan & Tan Developments Berhad ('TTDB'), a wholly-owned subsidiary of the Company had entered into a conditional Share Purchase Agreement with Insas Berhad ('Insas') and Pantai Irama Ventures Sdn Bhd ('PIVSB') for the sale of 6,337,500 ordinary shares of RM1.00 each and 7,650,000 redeemable preference shares on RM0.05 each representing TTDB's entire equity interest in Gleneagles Hospital (Kuala Lumpur) Sdn Bhd ('GH') to be sold jointly with Insas's 4,225,000 ordinary shares of RM1.00 each and 5,100,000 redeemable preference shares on RM0.05 each in GH to PIVSB.

On 19 November 2008, the Company announced to Bursa Malaysia that the disposal of its entire 30% interest in Gleneagles Hospital (Kuala Lumpur) Sdn Bhd was completed. The total cash consideration received is RM107,561,000 with a gain on disposal of RM83,589,000.

38. Subsidiaries

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2008	2007
	Abad Flora Sdn. Bhd. [1]	Property Investment	Malaysia	**100.0**	100.0
	Amanbest Sdn. Bhd. [2]	Property Development	Malaysia	**51.0**	51.0
	Amandamai Dua Sdn. Bhd. [3]	Property Holding	Malaysia	**100.0**	100.0
	Amandamai Satu Sdn. Bhd. [4]	Property Development	Malaysia	**100.0**	100.0
	Angkasa Gagah Sdn. Bhd. [5]	Property Development	Malaysia	**100.0**	100.0
*	Asian Equity Limited [6]	Investment Holding	British Virgin Islands	**55.0**	55.0
	Atar Deras Sdn. Bhd. [7]	Property Development	Malaysia	**100.0**	100.0
*	Auspicious Prospects Ltd. [8]	Investment Holding	Liberia	**100.0**	100.0
	Belimbing Hills Sdn. Bhd. [9]	Property Development	Malaysia	**100.0**	100.0
*	Beswell Limited [10]	Investment Holding	Hong Kong	**100.0**	100.0

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

38. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2008	2007
	Bintang Buana Sdn. Bhd. [11]	Property Development	Malaysia	**90.0**	90.0
	Central Review (M) Sdn. Bhd. [12]	Property Investment, Hotel Operations and Management	Malaysia	**100.0**	100.0
	Cipta Klasik (M) Sdn. Bhd. [13]	Property Investment	Malaysia	**100.0**	100.0
	Cititel Hotel Management Sdn. Bhd.	Provision of Hotel Management Services	Malaysia	**60.0**	60.0
	Cititel Hotels Pty Ltd [14]	Investment Holding	Australia	**100.0**	100.0
	City Beauty Sdn. Bhd. [15] *(Liquidated via members' voluntary liquidation in 2008)*	Landscaping and Its Related Business	Malaysia	**0.0**	100.0
	Corpool Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Danau Bidara (M) Sdn. Bhd. [16]	Property Holding	Malaysia	**100.0**	100.0
	Dian Rezki Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Earning Edge Sdn. Bhd. [17]	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. [18]	Dormant	Malaysia	**100.0**	100.0
*	Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	**100.0**	100.0
	Harta Villa Sdn. Bhd. [19]	Property Development	Malaysia	**100.0**	100.0
	ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	ICDC Management Sdn. Bhd. [20]	Property Management	Malaysia	**100.0**	100.0
	IGB Credit Sdn Bhd *(Liquidated via members' voluntary liquidation in 2008)*	Dormant	Malaysia	**0.0**	100.0
	IGB Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
	IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	**100.0**	100.0
	IGB Properties Sdn. Bhd.	Property Investment and Management	Malaysia	**100.0**	100.0
	IGB Real Estate Sdn. Bhd. [21] *(Liquidated via members' voluntary liquidation in 2008)*	Dormant	Malaysia	**0.0**	100.0
	Innovation & Concept Development Co. Sdn. Bhd. [22]	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.	Property Holding	Malaysia	**100.0**	100.0
	IST Building Products Sdn Bhd	Trading of Building Materials	Malaysia	**100.0**	100.0
	IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Kemas Muhibbah Sdn. Bhd. [23]	Property Development	Malaysia	**100.0**	100.0
	KennyVale Sdn. Bhd. [24]	Property Development	Malaysia	**100.0**	100.0
	Kilat Security Sdn. Bhd. *(Liquidated via members' voluntary liquidation in 2008)*	Security Services	Malaysia	**0.0**	100.0
	Kondoservis Sdn. Bhd. [25]	Provision of Management Services to Condominiums	Malaysia	**100.0**	100.0
	K Parking Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	KrisAssets Holdings Berhad	Investment Holding	Malaysia	**74.8**	74.9
	Lagenda Sutera (M) Sdn. Bhd. [26]	Property Investment	Malaysia	**100.0**	100.0
*	Lingame Company Limited	Investment Holding	Hong Kong	**100.0**	100.0
	Lucravest Holdings Sdn. Bhd. *(Liquidated via members' voluntary liquidation in 2008)*	Investment Holding	Malaysia	**0.0**	100.0
*	MiCasa Hotel Limited [27]	Hotelier	Myanmar	**65.0**	65.0
	Mid Valley Capital Sdn Bhd [28]	Special Purpose Vehicle for Issuance of Bonds	Malaysia	**74.8**	74.9
	Mid Valley City Sdn. Bhd.[29]	Owner and Operator of Mid Valley Megamall	Malaysia	**74.8**	74.9
	Mid Valley City Convention Centre Sdn Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Developments Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Mid Valley City Enterprise Sdn. Bhd.	Hotel Operator and Owner	Malaysia	**100.0**	100.0
	Mid Valley Food Management Sdn. Bhd. *(Liquidated via members' voluntary liquidation in 2008)*	Dormant	Malaysia	**0.0**	100.0

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

38. Subsidiaries (continued)

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2008	2007
Mid Valley City Gardens Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City Hotels Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City North Tower Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City Residences Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City South Tower Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
MVC Centrepoint North Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
MVC Centrepoint South Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City Energy Sdn Bhd	Distribution of Electricity	Malaysia	**100.0**	100.0
Mid Valley MC Sdn. Bhd. [30] *(Liquidated via members' voluntary liquidation in 2008)*	Property Management	Malaysia	**0.0**	74.9
Mid Valley Mulia Sdn. Bhd. [31] *(Liquidated via members' voluntary liquidation in 2008)*	Property Development	Malaysia	**0.0**	74.9
Mid Valley Properties Sdn. Bhd. [32] *(Liquidated via members' voluntary liquidation in 2008)*	Property Development	Malaysia	**0.0**	74.9
Murni Properties Sdn. Bhd.	Property Investment	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 [33]	Property Development	Malaysia	**50.0 (+ 1 share)**	50.0 (+ 1 share)
OPT Ventures Sdn. Bhd. [34]	Property Development	Malaysia	**70.0**	70.0
Outline Avenue (M) Sdn. Bhd. [35]	Property Development	Malaysia	**89.6**	89.6
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.	Property Management Services	Malaysia	**100.0**	100.0
Penang Garden Sdn. Bhd.	Property Development and Letting of Properties	Malaysia	**100.0**	100.0
Permata Dunia Sdn. Bhd. [36]	Investment Holding	Malaysia	**100.0**	100.0
Permata Efektif (M) Sdn. Bhd. [37]	Property Development	Malaysia	**100.0**	100.0
Pinex Sdn. Bhd. [38]	Property Development	Malaysia	**100.0**	100.0
PIR Management Services Sdn. Bhd. [39]	Provision of Management Services	Malaysia	**100.0**	100.0
Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Primanah Property Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
Puncak Megah (M) Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
Rapid Alpha Sdn. Bhd.	Construction	Malaysia	**100.0**	50.0
Reka Handal Sdn. Bhd. [40]	Property Development	Malaysia	**75.0**	75.0
Riraiance Enterprise Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Salient Glory City Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
Sigma Setiaria Sdn Bhd [41]	Dormant	Malaysia	**100.0**	0.0
Tanah Permata Sdn. Bhd. [42]	Hotelier	Malaysia	**100.0**	100.0
Tanobi Sdn. Bhd. [43]	Property Holding	Malaysia	**100.0**	100.0
Tan & Tan Developments Berhad	Property Development, Provision of Project Management Services and Investment Holding	Malaysia	**100.0**	100.0
Tan & Tan Realty Sdn. Bhd. [44]	Property Investment and Provision of Related Services and Operating of Food Court	Malaysia	**80.0**	80.0
T-Bond Construction Sdn. Bhd. [45]	Building Contractor	Malaysia	**100.0**	100.0
Teamwork M&E Sdn. Bhd. [46]	Provision of Consultation on Mechanical and Electrical Services to Condominiums and Apartments	Malaysia	**100.0**	100.0
TTD Sdn. Bhd. [47]	Hotelier	Malaysia	**100.0**	100.0

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

38. Subsidiaries (continued)

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2008	2007
Wong Siew Choong Sdn Bhd [48]	Property Investment	Malaysia	**100.0**	0.0
X-Speed Sdn. Bhd.	Dormant	Malaysia	**100.0**	100.0
X-Speed Skatepark Sdn. Bhd. [49] *(Liquidated via members' voluntary liquidation in 2008)*	Management of Skatepark	Malaysia	**0.0**	74.9

Notes:

1-5, 7, 9, 11-13, 15, 16, 19, 24, 25, 33-35, 37, 38, 40, 41, 43-47 - 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, 14, 26, 42 -	Held by Pacific Land Sdn. Bhd.
17 -	Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.
18, 20, 22 -	Held by ICDC Holdings Sdn. Bhd.
21 -	Held by IT&T Engineering & Construction Sdn. Bhd.
23 -	Held by IGB Project Management Services Sdn. Bhd.
27 -	Held by Earning Edge Sdn. Bhd.
28, 29 -	Held by KrisAssets Holdings Berhad
30-32, 49 -	Held by Mid Valley City Sdn Bhd
36 -	Held by Corpool Holdings Sdn. Bhd.
39 -	Held by Pangkor Island Resort Sdn. Bhd.
48 -	Held by Dian Rezki Sdn. Bhd.
*	Companies audited by firms other than member firm of PricewaterhouseCoopers International Limited.

39. Associates

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2008	2007
*	Aroma Laundry and Dry Cleaners Sdn. Bhd. [1]	Provision of Laundry and Dry Cleaning Services	Malaysia	**20.0**	20.0
+	Crystal Centre Properties (International) Ltd. [2]	Investment Holding	Hong Kong	**45.0**	45.0
	Detik Harapan Sdn Bhd	Dormant	Malaysia	**40.0**	0.0
*	DMV Sdn Bhd [3]	Property Development	Malaysia	**39.0**	39.0
	Gleneagles Academy of Nursing (M) Sdn Bhd [4]	Nursing Education	Malaysia	**25.0**	25.0
	Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. [5]	Investment in and Management of a Private Hospital	Malaysia	**0.0**	30.0
	Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [6]	Development and Investment in Medical Centres	Malaysia	**30.0**	30.0
*	Grapevine Investments (Hong Kong) Limited [7] *(under members' voluntary liquidation)*	Investment Holding	Hong Kong	**50.0**	50.0
	Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	**50.0**	50.0
	Hampshire Properties Sdn Bhd [8]	Property Development and Property Investment	Malaysia	**50.0**	50.0
*	HICOM Tan & Tan Sdn. Bhd. [9]	Property Development	Malaysia	**50.0**	50.0
	IGB (Thailand) Co Ltd	Property Investment	Thailand	**49.0**	49.0
+	Istaron Limited [10]	Investment Holding	Hong Kong	**50.0**	50.0
	Johan Kekal Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
	Kumpulan Sierramas (M) Sdn.Bhd. [11]	Property Development	Malaysia	**50.0**	50.0
	Kundang Properties Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0

Notes to the financial statements (continued)

for the financial year ended 31 December 2008

39. Associates (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2008	2007
*	Kyami Pty. Ltd. [12]	Investment Holding	Australia	**40.0**	40.0
	Merchant Firm Limited [13]	Investment Holding	British Virgin Islands	**49.5**	49.5
	New Commercial Investments Ltd [14]	Investment Holding	British Virgin Islands	**49.6**	49.6
	Oncology Centre (KL) Sdn Bhd [15]	Provision of Comprehensive Professional Oncological Services	Malaysia	**0.0**	30.0
	Permata Alasan (M) Sdn Bhd [16]	Property Development and Property Investment	Malaysia	**50.0**	50.0
	Ravencroft Investments Incorporated [17]	Investment Holding	British Virgin Islands	**49.5**	49.5
+	Saigon Inn Hotel Co. [18]	Hotelier	Vietnam	**33.8**	33.8
*	Sierramas Landscape Services Sdn Bhd [19]	Landscaping and Horticulture	Malaysia	**50.0**	50.0
*	St Giles Hotel Ltd. [20]	Hotels and Motels with Restaurants	United Kingdom	**49.5**	49.5
*	St Giles Hotel (Heathrow) Ltd. [21]	Hotels and Motels with Restaurants	United Kingdom	**49.6**	49.6
	Sukatan Garisan Sdn. Bhd. [22]	Property Investment	Malaysia	**50.0**	50.0
	Technoltic Engineering Sdn Bhd	Servicing, Maintenance and Installation of Elevators	Malaysia	**40.0**	60.0
*	Tentang Emas Sdn. Bhd. [23]	Investment Holding	Malaysia	**49.0**	49.0
*	Weian Investments Pte. Ltd. [24] *(Liquidated via members' voluntary liquidation in 2008)*	Property Development and Trading	Singapore	**0.0**	49.0

Notes:

1, 4, 5, 6, 8, 9, 11, 12, 16, 23 - Held by Tan & Tan Developments Berhad.
2 - Held by Istaron Limited.
3 - Held by Tan & Tan Developments Berhad and IGB Corporation Berhad 26% and 13% respectively.
7, 24 - Held by Grapevine Investments Pte. Ltd.
10 - Held by Pacific Land Sdn. Bhd.
13 - Held by Ravencroft Investments Incorporated
14 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.
15 - Held by Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.
17 - Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd. 27.72%, 7.65% and 14.10% respectively.
18 - Held by Crystal Centre Properties (International) Ltd.
19 - Held by Kumpulan Sierramas (M) Sdn. Bhd.
20 - Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd. 27.72%, 7.65% and 14.10% respectively.
21 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.
22 - Held by Johan Kekal Sdn. Bhd.

+ Companies audited by member firms of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia.
* Companies audited by firms other than member firm of PricewaterhouseCoopers International Limited.

40. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 28 April 2009.

Statement by Directors

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

We, Robert Tan Chung Meng and Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman, being two of the Directors of IGB Corporation Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 34 to 93 are drawn up in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2008 and of the results and cash flows of the Group and Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 28 April 2009.

Robert Tan Chung Meng
Managing Director

Tan Sri 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 34 to 93 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 28 April 2009.

Before me:

Aishah bt Shahul Hameed, PJK
Commissioner for Oaths

Independent Auditors' Report

to the Members of IGB Corporation Berhad
(Incorporated in Malaysia)
(Company No. 5745-A)

Report on the Financial Statements

We have audited the financial statements of IGB Corporation Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 93.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report On Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 38 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

Shirley Goh
(No. 1778/08/10(J))
Chartered Accountant

Kuala Lumpur
28 April 2009

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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) ____________________

____

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 45th 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 Wednesday, 27 May 2009 at 3.00 p.m. and at any adjournment thereof, in the manner indicated below:

No.	Resolutions	For	Against
1.	Receipt of Reports and Audited Financial Statements		
2.	Re-election of Tan Boon Seng		
3.	Re-election of Pauline Tan Suat Ming		
4.	Re-election of Datuk Abdul Habib bin Mansur		
5.	Re-appointment of PricewaterhouseCoopers as auditors		
6.	Re-appointment of Tan Sri Abu Talib bin Othman		
7.	Re-appointment of Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman		
8.	Authorisation for Directors to issue shares		
9.	Renewal of Share Buy-Back Mandate		
10.	Renewal of RRPT Mandate		

Number of shares held

Signed (and sealed) this ____________ day of ________________ 2009

Signature(s) ____________________

Note:

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A member shall be entitled to appoint more than one proxy to attend and vote at the meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of holdings to be represented by each proxy. In the case of a corporate member, the proxy form must be either under seal or under the hand of an attorney duly authorised. The proxy form must be deposited at the Registered Office at Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time set for the meeting. The Annual Report 2008 and Proxy Form are available for access and download at the website at http://www.igbcorp.com

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The Company Secretary
IGB Corporation Berhad (5745-A)
Level 32, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
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IGB

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