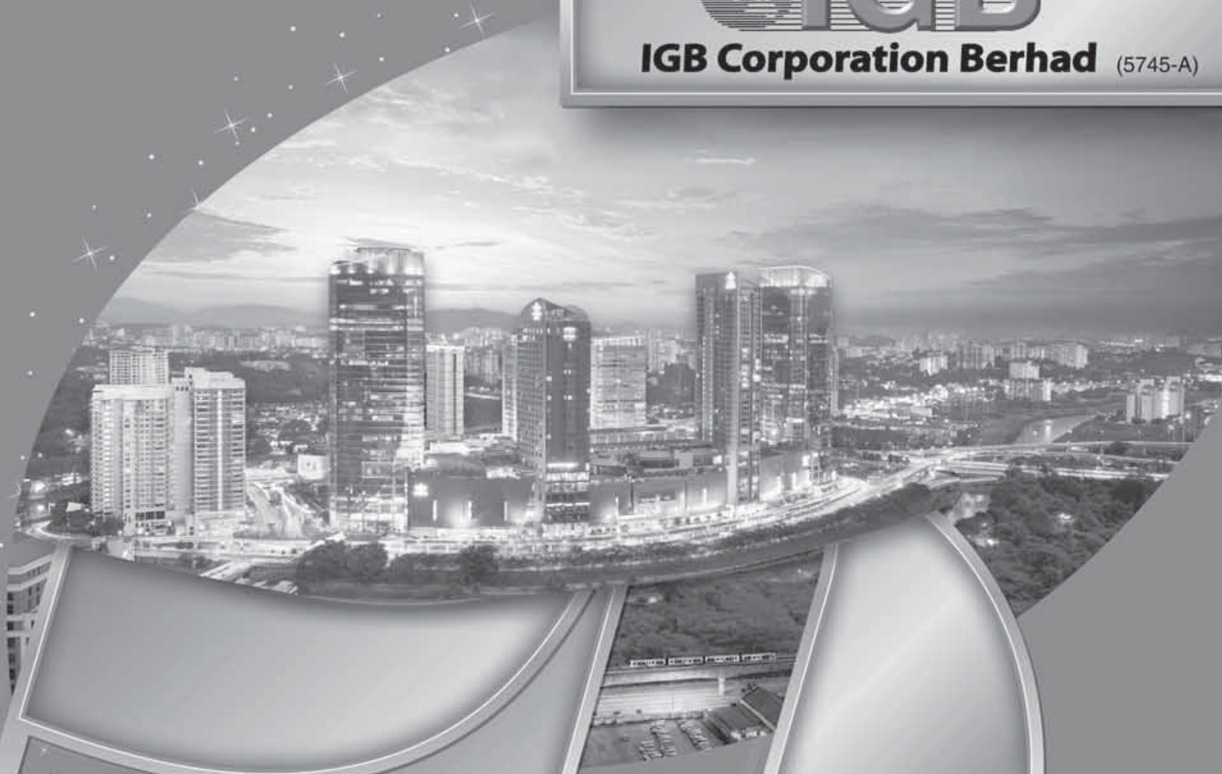
IGB Corporation Berhad (5745-A)

50 Years of Excellence
1964 - 2014



Annual Report 2014

IGB Corporation Berhad (5745-A)

Annual Report 2014

www.igbcorp.com

IGB CORPORATION BERHAD (5745-A)
Level 32, The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia
Tel: (603) 2289 8989 Fax: (603) 2289 8802

Contents

50 Years of Excellence
1964 - 2014

Corporate **Information**

BOARD OF DIRECTORS ("BOARD")

Independent Non-Executive Chairman
Tan Sri Abu Talib bin Othman

Group Managing Director
Dato' Seri Robert Tan Chung Meng

Executive Directors
Tan Boon Seng
Tan Boon Lee

Independent Non-Executive Directors
Tan Kai Seng
Yeoh Chong Swee

Non-Independent Non-Executive Directors
Tan Lei Cheng
Pauline Tan Suat Ming
Tony Tan @ Choon Keat

Alternate Directors
Chua Seng Yong, alternate to Dato' Seri Robert Tan Chung Meng
Daniel Yong Chen-I, alternate to Pauline Tan Suat Ming
Tan Yee Seng, alternate to Tan Boon Seng

COMPANY SECRETARY
Tina Chan Lai Yin

REGISTERED OFFICE
Level 32, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Telephone : 603-2289 8989
Telefax : 603-2289 8802

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

REGISTRAR
Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Telephone : 603-2264 3883
Telefax : 603-2282 1886

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

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

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

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

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

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN of the Fifty First Annual General Meeting ("51st AGM") of IGB Corporation Berhad ("IGB" or the "Company") to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on Friday, 22 May 2015 at 3.00 p.m. to transact the following business:

AGENDA

Ordinary Business

1. To receive the Reports and Financial Statements for the year ended 31 December 2014 ("FY2014").

2. To re-elect/re-appoint retiring Directors:

   (a) Tan Lei Cheng *(Resolution 1)*
   (b) Pauline Tan Suat Ming *(Resolution 2)*
   (c) Tan Sri Abu Talib bin Othman *(Resolution 3)*
   (d) Yeoh Chong Swee *(Resolution 4)*
   (e) Tan Kai Seng *(Resolution 5)*

3. To re-appoint PricewaterhouseCoopers ("PwC") as auditor and to authorise the Directors to fix their remuneration. *(Resolution 6)*

Special Business

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

   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 the Related Parties as specified in Section 2.2.1 of the Circular to Shareholders dated 30 April 2015 ("Circular"), provided that such arrangements and/or transactions are:

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

   ("RRPT Mandate");

   AND THAT the RRPT Mandate, unless revoked or varied by the Company in general meeting, shall continue in force until the next annual general meeting ("AGM") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier;

   AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interest of the Company to give effect to the RRPT Mandate." *(Resolution 7)*

5. To consider any other business of which due notice shall have been given in accordance with the Companies Act 1965 ("Act") and the Company's Articles of Association ("Articles").

By Order of the Board

Tina Chan
Company Secretary

Kuala Lumpur
30 April 2015

Notice of **Annual General Meeting**

(continued)

Explanatory Notes of each item on the Agenda:

(1) Reports and Financial Statements FY2014 are contained in the Annual Report. The Agenda item is meant for discussion only as the Reports and Financial Statements FY2014 do not require formal approval of shareholders under Section 169(1) of the Act and hence, the matter will not be put forward for voting. However, shareholders or proxies will have the opportunity to ask questions on the Group's performance and business during the 51st AGM.

(2) Re-election/re-appointment of Directors:

(a) Re-election is pursuant to Article 85 of the Articles which provides that one-third of the Board shall retire from office and be eligible for re-election at every AGM. Tan Lei Cheng is obliged to retire from office but eligible on such retirement.

(b) Re-election is pursuant to Article 85 of the Articles which provides that one-third of the Board shall retire from office and be eligible for re-election at every AGM. Pauline Tan Suat Ming is obliged to retire from office but eligible on such retirement.

(c) Re-appointment is pursuant to Section 129(6) of the Act which requires Directors over the age of 70 years to be re-appointed by the shareholders every year, and in line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG") to continue serving as Independent Director of the Company until the conclusion of the next AGM. Tan Sri Abu Talib bin Othman is obliged to retire from office but eligible for re-appointment on such retirement.

(d) Re-appointment is pursuant to Section 129(6) of the Act which requires Directors over the age of 70 years to be re-appointed by the shareholders every year, and in line with Recommendation 3.3 of the MCCG to continue serving as Independent Director of the Company until the conclusion of the next AGM. Yeoh Chong Swee is obliged to retire from office but eligible for re-appointment on such retirement.

(e) Re-appointment is in line with Recommendation 3.3 of the MCCG to enable Tan Kai Seng to continue serving as Independent Director of the Company until the conclusion of the next AGM.

An annual assessment on the effectiveness of each Director (including the independence of Independent Directors) had been undertaken. The justifications of the Board for recommending and supporting Resolutions 1 to 5 inclusive for their continuing in office as Directors are set out in the Annual Report under the heading "Governance Report".

Directors' biographical details are set out in the Annual Report under the heading "Profile of Directors" to enable shareholders to make an informed decision on their re-election/re-appointment, as appropriate. Any Director referred to in Resolutions 1 to 5, who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election/re-appointment at the 51st AGM.

(3) The appointment of PwC as auditor terminates at the conclusion of the 51st AGM. PwC has indicated their willingness to stand for re-appointment as auditor of the Company until the conclusion of the next AGM. The re-appointment of PwC was recommended to the Board by the Audit Committee ("AC").

(4) Resolution 7 is to renew, effective until the next AGM, the RRPT Mandate. The details of the proposal are set out in the Circular which is despatched together with the Annual Report.

Notes to Shareholders:

(1) Appointment of proxy

(a) A member is entitled to appoint one or two proxies and they need not be members.

(b) A member, who is an authorised nominee, may appoint up to two proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple proxies in respect of each securities account held.

(c) A member who appoints a proxy must execute the Proxy Form, and if two proxies are appointed, the number of shares to be represented by each proxy must be clearly indicated.

(d) A corporate member who appoints a proxy must execute the Proxy Form under seal or the hand of its officer or attorney duly authorised.

(e) Only members registered in the Record of Depositors as at 15 May 2015 shall be eligible to attend and vote at the 51st AGM or appoint a proxy to attend and vote on his behalf.

Notice of **Annual General Meeting**

(continued)

(f) The executed Proxy Form must be deposited at the office of IGB's Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not later than 3.00 p.m. on 20 May 2015, being 48 hours before the time set for the 51st AGM.

(g) The Company shall be entitled to reject Proxy Form if it is incomplete, improperly completed or illegible or where the true indications of the appointer are not ascertainable from the instructions of the appointer specified in Proxy Form.

(h) The Annual Report is available on Bursa Securities' website at www.bursamalaysia.com under Company Announcements and at IGB's website at www.igbcorp.com

(2) Registration of members/proxies

(a) Registration will start at 1.00 p.m. on the day of the 51st AGM.

(b) Members/proxies are required to produce identification documents for registration, and parking tickets for endorsement (only applicable for parking at Mid Valley Megamall and The Gardens Mall; no reimbursement parking charges at anywhere else).

(c) You will be given a wrist tag upon registration. No person will be allowed to enter the meeting room without the wrist tag. There will be no replacement in the event that you lose or misplace your wrist tag.

(d) If you have any question, please proceed to the Registration Help Desk.

(3) Enquiry

For enquiry prior to the 51st AGM, please contact the following persons during office hours:

(a) Shareholders' enquiries: Tina Chan, Senior General Manager (Company Secretarial) - 603-22898989/corporate-enquiry@igbcorp.com; Lucia Tho, Manager – 603-22643883; Lucia.Tho@my.tricorglobal.com

(b) Investor relations: Terence Yeoh, Senior General Manager (Corporate & Legal Affairs)/Tan Chai Toong, Senior Group General Manager (Finance & Administration) - 603-22898886/8830/corporate-enquiry@igbcorp.com

(c) CD-ROM assistance: Ching Kar Heng, General Manager (Group IT)/Chai Voon Chung, Senior IT Executive - 603-22898910/8884

Profile of **Directors**

TAN SRI ABU TALIB BIN OTHMAN
Independent Non-Executive Chairman ("Board Chairman")

Tan Sri Abu Talib bin Othman, aged 76, joined the Board on 18 July 1995 and appointed the Chairman on 30 May 2001. He chairs both the Nomination Committee ("NC") and Remuneration Committee ("RC"), and a member of AC.

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

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

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

Dato' Seri Robert Tan Chung Meng, aged 62, appointed the Group MD of IGB on 30 May 2001. Prior to that, he was the Joint MD since 1995. He is a member of the Executive Committee ("Exco"), RC, Risk Management Committee ("RMC") and Share Committee ("SC").

Dato' Seri Robert Tan has extensive experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years' experience in the property 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.

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

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

TAN BOON SENG
Executive Director ("ED")

Mr Tan Boon Seng, aged 59, joined IGB in 1980 as General Manager. He was appointed to the Board on 20 December 1990, MD in 1991, re-designated to Joint MD in 1995 and subsequently, ED on 30 May 2001. He is chair of Exco and a member of RMC and SC.

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

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

TAN BOON LEE
ED

Mr Tan Boon Lee, aged 51, joined the Board on 10 June 2003 as ED. He is a member of Exco, RMC and SC.

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

Mr Tan has 28 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 from 2002 to 2004. He spearheaded IGB Group's growth into emerging economies of Myanmar and Cambodia in 1990's via the Group's hotel division.

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

TAN LEI CHENG
Non-Independent Non-Executive Director ("Non-INED")

Madam Tan Lei Cheng, aged 58, appointed to the Board on 10 June 2003.

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

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

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

TONY TAN @ CHOON KEAT
Non-INED

Mr Tony Tan @ Choon Keat, aged 66, appointed to the Board on 15 July 2003. He is a member of AC.

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

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

Profile of **Directors**
(continued)

PAULINE TAN SUAT MING
Non-INED

Madam Pauline Tan Suat Ming, aged 69, appointed to the Board on 10 June 2003. She is a member of Exco, RMC and NC.

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

Madam Pauline Tan is also a Director of WSCB and a Trustee of Yayasan Wah Seong.

TAN KAI SENG
Independent Non-Executive Director ("INED")

Mr Tan Kai Seng, aged 63, appointed to the Board on 15 July 2003, and is chair of AC.

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

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

YEOH CHONG SWEE
INED

Mr Yeoh Chong Swee, aged 71, appointed to the Board on 1 June 2004. He is a member of AC, RC and NC.

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

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

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

Mr Chua Seng Yong, aged 52, is the Executive Assistant to the Group MD. He joined IGB as Financial Controller in 1994 and has 30 years' experience in the property and hotel industry. He was appointed the alternate Director to the Group MD on 30 November 1999. He is also the Head of Group Procurement, Group Information Technology and Corporate & Legal Affairs in IGB.

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

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

Mr Daniel Yong Chen-I, aged 43, appointed the alternate Director to Pauline Tan Suat Ming on 6 April 2011.

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

Mr Daniel Yong is also an Executive Director of IGB REIT Management, a Director of Goldis, and the alternate Director to Pauline Tan Suat Ming on the board of WSCB.

TAN YEE SENG
Alternate Director to Tan Boon Seng

Mr Tan Yee Seng, aged 35, appointed the alternate Director to Tan Boon Seng on 17 May 2012.

Mr Tan holds a professional Diploma of Architecture (Royal Institute of British Architects, Part 2) from the University of East London, United Kingdom. He joined IGB in 2010 as Senior General Manager in the property division. His prior work experience includes being part of the pre-opening team member of G Tower which is presently owned by Goldis, where he oversaw the coordination of base building, fit out and operations. He was also extensively involved in the aesthetic realisation of TGM while working at IGB's construction division, where he worked as a design architect. There he used his training to create and fine tune the facades and key elements of TGM and MVM. He has also been a design architect at Eric Kuhne Associates in London where he worked on several large mixed-use proposals.

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

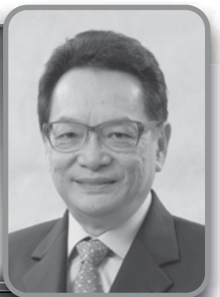
Notes:

1. All Directors are Malaysian except Tan Kai Seng, who is a Singaporean.
2. Save for Dato' Seri Robert Tan Chung Meng, Tan Boon Seng, Tan Lei Cheng, Tan Boon Lee, Pauline Tan Suat Ming, Tony Tan @ Choon Keat, Daniel Yong Chen-I and Tan Yee Seng, the Directors have no family relationship with any Director and/or major shareholder of IGB.
3. Directors' interests in IGB are set out in the Annual Report under the heading "Shareholding Statistics".
4. None of the Directors has any personal interests in any business arrangement involving IGB.
5. All Directors have not been convicted of any offence.

Letter to **Shareholders**

Dear Shareholders,

On behalf of the Board of IGB, we are pleased to present the Annual Report for the financial year ended 31 December 2014 ("FY2014").



CELEBRATING 50 YEARS OF GROWTH & PROGRESS

We were delighted to commemorate our 50th anniversary last year, which was a significant milestone for IGB. We have come far from our humble beginnings in 1964. Through the tireless efforts and contributions of our founders and successive groups of management and staff, our 50-year journey has culminated in IGB standing tall as one of the nation's leading asset builders with robust property and hospitality businesses, locally and abroad.

As we looked back on our achievements, we drew further inspiration to excel for many more years to come. Our renewed motivation for more success was best reflected by our continued strong financial and business performance during the year under review.

FINANCIAL PERFORMANCE

FY2014 was another profitable year for the Group. The Group's core business divisions are property investment comprising of retail and commercial assets, hotel and property development.

Group turnover at RM1,173.8 million was 8% higher than the RM1,087.3 million recorded in the previous financial year. Pre-tax profit rose to RM422.2 million, up 5% from the RM397.8 million posted in the preceding year.

Group turnover from the three main operating divisions were: RM576.9 million for property investment, RM356.3 million for hotel and RM184.8 million for property development.

DIVIDEND

The Group paid an interim dividend of 20% or 10.0 sen per share for FY2014 on 27 March 2015.

OPERATING DIVISIONS

Property Development

Despite a general slowdown in the property market, the property division saw strong sales across its projects.

Three28 Tun Razak, a 166-unit apartment with a gross development value ("GDV") of RM155.0 million achieved sales of over 92%. It topped-off in February 2015 with completion scheduled for May 2016.

G Residence's 474 service apartments in Desa Pandan, are almost fully sold with sales value at RM375.0 million todate, about 98% of the project's GDV of RM380.0 million. Construction has been completed and handover to buyers is in progress. We are also pleased to report that the G Village retail component is filling up well to complement the residential portion.

Damai Residence at Jalan Ampang is a 20-storey boutique condominium comprising 30 exclusive units and one penthouse located on the brink of the Kuala Lumpur City Centre ("KLCC") area. The development has a GDV of some RM62.0 million. Since the soft-launched at the end of November 2014, Damai Residence has received significant interest from its niche market segment as its unique proposition of being close to the city centre yet away from the hustle and bustle makes it appealing for buyers.

Park Manor, nestled in the prestigious enclave of Sierramas, is a luxurious, high-end development of 41 strata villas. The villas are 3-storey, 5-6 bedroom, family homes with built-ups of between 5,000 square feet ("sf") and 7,000 sf. The homes are surrounded by lush landscapes and come with recreational facilities, linear gardens and a fine club. GDV is estimated at RM180.0 million. Soft-launched in December 2014, the development has been well received by the luxury market segment. Completion is targeted for end-2015 with prices ranging from RM3.9 million to RM4.9 million per unit.

Letter to **Shareholders**

(continued)

We also signed a joint-venture agreement with Mitsubishi Jisho Residence to undertake the development of a 41-storey, 400-unit development in Stonor 3, within the vicinity of KLCC. Piling works have commenced and a sales launch is targeted for end-2015 with an estimated GDV of RM618.0 million.

We are happy to report that we were selected once again to receive the prestigious "The Edge Top Ten Property Developer" award for the twelfth consecutive year.

Hotel

IGB's hotel business contributed about a third to the Group's total bottomline. In FY2014, most of the Group's hotels achieved a higher average room rates compared to the preceding year, with an acceptable occupancy rates. Total room inventory as of 31 December 2014 was 6,488 rooms with a total of 1,450,198 occupied room nights achieved during the year.

The 415-room St Giles Wembley-Premier Hotel and 234-room Cititel Express, both in Penang had their soft-openings in April 2015. In Ipoh, the third addition to the Cititel Express brand was soft-launched on 14 February 2015. The new 210-room hotel, offering modern deluxe twin, triple and quadruple rooms taps into the growing leisure and business travellers market in Ipoh.

The Tank Stream-St Giles Premier Hotel in Sydney is on track for an opening in June 2015 while the Pangkor Island Beach Resort was closed in July 2014 to facilitate refurbishment and redevelopment.

Several renovation and re-investment programmes were also undertaken during the year. At St Giles Boulevard-Premier Hotel Kuala Lumpur, a new banquet room sitting 300 diners was opened in May 2014 at the Wild Rice Restaurant. At St Giles The Gardens-Grand Hotel & Residences, the Spread All-Day Dining Restaurant was refurbished after seven years. It re-opened in mid-February 2015, offering a fresh dining experience for in-house guests and other customers.

Property Investment (Commercial)

The Group's office rental rate held steady supported by improved occupancy during the year under review. Total revenue from the Group's office assets was RM127.1 million in FY2014 with most properties' occupancies above 90%.

The high occupancy rates for office spaces in Mid Valley City contributed to the Group through continuing business opportunities and a stable customer base from our retail and hospitality activities.

Construction work on the Southpoint Tower at Mid Valley City continued to progress on track with completion targeted for 2016. Once completed, the 2.2-acre site will offer about 900,000 sf of lettable area over 45 levels, built above an 8-storey podium car park.

Property Investment (Retail)

The Group's retail division is represented by IGB REIT who is the owner of MVM and TGM. For FY2014, IGB REIT posted revenue of RM461.8 million and net property income of RM312.6 million, a 7.2% and 9.4% year-on-year growth, respectively. IGB REIT declared total distributable income of RM268.8 million or RM7.79 sen per unit in FY2014, up 10.7% from the preceding year.

The improved results were attributed to asset enhancement initiatives ("AEIs") at MVM and TGM as well as increased income from turnover rentals. In FY2014, fair value for MVM increased to RM3.61 billion from RM3.56 billion. TGM's fair value increased to RM1.28 billion from RM1.245 billion.

MVM

MVM remains a key shopping destination. The mall continues to enjoy full occupancy with 155 renewals and 67 new tenants registered in 2014.

In 2014, MVM injected several exciting retail concept to its mix. These included Black Bull - an integrated entertainment centre, Birkenstock, BOX OF BRICKS – a Lego lover's paradise, Pedro, Vans; and several food and beverage establishments including Antipodean, Garrett popcorn Shops, Magnum Kuala Lumpur, Souper Tang, Texas Chicken and Tiffin's by Chef Korn.

AEIs were continued during FY2014 to enhance customers' shopping experience. These included the refurbishment of the third floor (south wing) and the ground floor.

Upgrading works were also carried out on the mall car park. These included the changing of the car park lighting to a LED system, installation of the individual bay car park guidance system, repainting of the walls and application of epoxy floorings.

Testament to its popularity and appeal, MVM received the Gold Award at the second edition of the Kuala Lumpur Mayor's Tourism Awards 2014.

Letter to **Shareholders**
(continued)

TGM

TGM, like MVM also continued to be a favourite destination among consumers and delivered another positive year. Full occupancy was maintained with 61 tenancy renewals and 21 new tenants injected. The injection of high profile brands such as Prada, Salvatore Ferragamo, and Fitness First Platinum ensured a continued mix of retail outlets that appeal to TGM's customer demographic, which increased foot fall and maintained its reputation as a premium retail destination.

Several AEIs were undertaken during FY2014. These included installation of a water feature and plant column at the river-view entrance, adding more carpark bays for reserved parking, and upgrading the lower ground restroom. The Gardens Club programme, which has seen sustained membership growth, was also enhanced further with the introduction of a higher tier membership called the Emerald Club.

Construction

Turnover from the Construction division improved significantly to RM419.7 million or more than double the preceding year's RM205.2 million. The marked increase is due to recognition of in-house projects such as completion of the IGBIS and the recent opening of St Giles Wembley-Premier and Cititel Express hotels in Penang. G Residence condominium was also completed and handed over to buyers during the first quarter of 2015.

Piling works on the Southpoint Tower at Mid Valley City are nearing completion with super-structural works now in progress. Mechanical and architectural works have also begun with four levels of carpark targeted for opening by second half of 2015.

In Johor, construction works have commenced on the Southkey Megamall, regarded by many as the MVM of the South with a GDV of RM6.0 billion. Once completed, the entire project will comprise of three hotels totalling about 1,500 rooms, four office towers and one serviced apartment tower with 300 residential units together with a shopping mall offering 1.5 million sf of lettable area. The development is adjacent to the Eastern Dispersal Link and is less than 10 minutes away from the CIQ complex in Johor Bahru.

In Penang, IGB's construction arm, Ensignia Construction Sdn Bhd, has commenced renovating and upgrading works on the iconic KOMTAR Bridge. Undertaken at a cost of RM6.1 million, it will take nine months for refurbishment. Once renovated, IGB will have advertising and promotion rights under a 25-year contract that includes maintenance of the bridge and its facilities.

Education

In August 2014, the IGBIS in Sierramas opened its doors to its maiden batch of 146 students from some 30 countries. The RM200.0 million school is the greater Klang Valley's first to focus solely on full International Baccalaureate ("IB") programmes to students at all grade levels and has been recognised as an IB World School since October 2013. The school is a premier coeducational learning institution catering to children from Pre-kindergarten to Grade 12.

The school offers over 1 million sf of world-class educational and sporting facilities. Its purpose is to facilitate truly holistic education and life-long learning; to equip the next generation with the mindset and skills to excel in a globalised and rapidly technologised, fast changing environment.

New Ventures

18@Medini is located in the prime area Zone A in Iskandar Malaysia, Johor, with an estimated GDV of RM2.0 billion. Phase 1 will comprise of four blocks of 30-storey residential tower and 4-storey signature offices. Phase 2 will see a neighbourhood mall together with a hotel and an office tower. The mixed development of more than 18 acres is pending authority approvals, prior to the launching of the Phase 1.

Internationally, IGB is involved in the proposed mixed-use development project in Blackfriars, London which will offer 1.5 million sf of gross floor area in the South Bank Borough of Southwark. The project has an estimated GDV of RM4.2 billion. The 18 Blackfriars development is within the proximity to several prestigious universities and famous landmarks, including the London School of Economics and Political Science, The Royal College of Surgeons, England, Fleet Street and most of the Inns of Court. Demolition works have commenced and will take 52 weeks to complete.

The Group has ventured into Thailand via a joint venture with Immortal Group Co Ltd to develop a mixed-use development on a 5.86 acres site fronting the Chao Phraya River. The project with potential GDV of RM800.0 million is strategically located in the Bangsue district of Bangkok, Thailand, close to the famous Chatuchak tourist landmark. Management is currently working on the concept for the proposed development.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

While we continue pursuing greater growth, we stay committed to fulfilling our role as a responsible corporate citizen – contributing to the betterment and benefit of the community at large, the environment, our people and other key stakeholders.

Letter to **Shareholders**

(continued)

Our People

Without a doubt, our greatest resource is our people, whose professionalism, loyalty and commitment are the cornerstone of IGB's sustained success. We continued to build an effective workforce that will support our global businesses. Central to our efforts is the nurturing of a high-performance work culture centred on workplace diversity, equal opportunity, continuous learning and development, career growth and work life balance. Various in-house and external staff development programmes were held in FY2014 to support this agenda.

Our Local Community

At IGB, we believe that building a strong bond and partnership with the community at large is key towards achieving optimum sustainability for business objectives and shareholders value.

Continuing to work closely with the Dato' Tan Chin Nam foundation, IGB awarded education scholarships to academically gifted students who are themselves role models to the community. The eleventh edition of the annual Dato' Arthur Tan Chess festival reflects our strong commitment to develop greater local awareness and interest in the "game of kings". It is hoped that the festival will unearth future Malaysian chess talent that can compete at international level.

Both MVM and TGM held various charity initiatives with a number of deserving institutions and homes. These included Bellevue Residential Homecare, Persatuan Kebajikan Al-Shakur, Persatuan Kebajikan Teratak Shifa, Pertubuhan Kebajikan Agathians Malaysia, Good Samaritan Home and many more. MVM and TGM have also allocated space in their respective malls to various non-profit organisations to provide them with an independent income stream.

The inaugural Mid Valley City Charity Run to promote a healthy lifestyle saw more than a thousand participants and the proceeds raised were donated to St. John Ambulance of Malaysia.

Our Environment

In partnerships with several strategic partners and Shark Savers Malaysia, MVM provided space for corporate partners to disseminate information and raise awareness on the importance of marine life, marine habitat, and sustainable food cycles. As part of the "Beautiful Ocean" campaign, customers and tenants could make a pledge to the "I'm FINished with fins" campaign as part of the broader initiative to reduce consumption of shark fins.

Cititel Express Kota Kinabalu, in commemorating its fifth year of operations in 2014, placed a donation box at the reception to collect funds in aid of the Sabah Wildlife Department ("SWD"). The hotel also allocated space for an exhibition of SWD initiatives at the hotel lobby area.

Other projects undertaken by the Group include support for a seven-year project by the Food for the Hungry International Malaysia.

THE YEAR AHEAD

While Asian giants such as China and India are slowing down, US and Europe are showing signs of improvement. Locally, macro-economic indicators point to lower Gross Domestic Product growth due to plummeting oil prices and a weakening ringgit. The recent implementation of the Goods and Services Tax ("GST") coupled with rising living costs are likely to have a dampening effect on consumer sentiment before improving after 6-9 months. The property market is also expected to remain sluggish in the year ahead.

In anticipation of the challenging environment, IGB Group has taken adequate measures to face the year ahead. We will continue to leverage on our strengths as an asset builder – focusing on our core businesses while strengthening internal operations. We will continue exploring further geographical diversification of the Group's asset base while constantly looking for opportunities that will add value to our investment portfolio.

In hospitality, we will continue to build on and strengthen the Cititel and St Giles brands. Our investments in St Giles Wembley-Premier Hotel and Cititel Express in Penang, as well as The Tank Stream-St Giles Premier Hotel in Sydney reflect our strategy of expanding our footprint both at home and abroad, to grow contributions to the Group's recurring income base.

As for IGB's crown jewels – MVM and TGM, we will continuously undertake further AEIs to increase the value and attractiveness of assets while maintaining market appeal. This will include injection of new tenants, reconfiguring existing space to increase lettable space and constantly improving facilities.

Assets-wise, the development of Southpoint Tower will generate steady income growth on top of Mid Valley City's current portfolio of investment properties.

Letter to **Shareholders**
(continued)

Our property arm will continue to offer niche properties in strategic locations, either on its own or via joint ventures with private investors. Joint ventures can unlock many new opportunities for the Group such as penetration into new markets and creation of local and international business links that will drive the Group's growth and expansion. Our relationship with Mitsubishi Jisho Residence is one such example. We are also on the look-out to increase our land bank going forward.

As we review potential greenfield and brownfield assets for acquisition, we will also consider disposing non-core or underperforming assets to streamline the Group's asset portfolio. Asset rationalisation is an on-going process that ensures the Group maintains a focused business strategy and that only the best businesses are acquired and maintained. Divesting also consolidates the Group's business, improves cash flow and unlocks value, which can be channelled into other developments or future investments of the Group. Most of the non-core assets have already been put on market as part of the Group's divestment plan.

Barring unforeseen circumstances, the Board is cautiously optimistic that despite the challenging business environment, the better operational results seen in FY2014 will carry through to FY2015 and Group performance will be satisfactory.

ACKNOWLEDGEMENTS

We want to take this opportunity to express our sincere appreciation to the members of the Board, the directors of our subsidiaries, the management and the staff for their dedication and commitment during the year under review. Their continued effort and professionalism in the face of a challenging financial year has been instrumental in the Group's growth and progress thus far.

We would also like to thank our customers, business partners and associates, the Securities Commission Malaysia, Bursa Securities and other regulatory authorities for their continued support and guidance. Last but certainly not least, we express our heartfelt gratitude to our shareholders who have continued to deliver a resounding vote of confidence to the Group.

TAN SRI ABU TALIB BIN OTHMAN
CHAIRMAN

DATO' SERI ROBERT TAN CHUNG MENG
GROUP MANAGING DIRECTOR

Governance **Report**

The Board remains committed towards ensuring that IGB implements and operates good governance practices in its overall management of the Group. In developing its system of corporate governance, the Board is guided by the measures set out in the Main Market Listing Requirements ("MMLR") of Bursa Securities and MCCG. The policies and practices of the Group, supported by existing internal control processes, are regularly audited and reviewed, to ensure competency, accountability and transparency.

This report outlines IGB's governance principles which sets out the role of the Board, its processes and its relationship with executive management as well as describes the work of the Board and its Committees during FY2014. Except where specifically identified in this report, the Board believes that IGB has complied substantially with the best practices of the MCCG and the provisions in the MMLR.

I. BOARD

(1) Directors' Code of Business Conduct and Ethics ("Code") and Board Charter

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

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

(2) Board Responsibility

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

Other than as specifically reserved for the Board's decision in the Board Charter, the responsibility of managing the Group's business activities and affairs is delegated to the Group MD who operates in accordance with the Board approved policies and delegated limits of authority.

(3) Board Composition and Balance

The Board currently has 9 members, comprising 6 Non-EDs ("NEDs") and 3 EDs, with 3 of the 6 NEDs are independent. 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. The current Board fulfils the requirement under the MMLR which requires one-third of the Board to be independent. The Directors' biographical details are set out in the Annual Report under the heading "Profile of Directors".

Effective governance is fostered by the separation of the roles of the Board Chairman and the Group MD, as this division of responsibilities at the head of the Group ensures a balance of power and authority. The Board Chairman is an independent Director and is responsible for the leadership, effectiveness, conduct and governance of the Board. The Group MD is the chief executive of IGB, and together with EDs (collectively, "Executive Board") oversees the business operations and business development of the Group and ensures that strategies, policies and matters approved by the Board and/or the Exco are effectively implemented. The Group MD, by virtue of his position as a Board member, also functions as the intermediary between the Board and senior management.

The INEDs, all of whom are persons of high calibre and integrity, play important roles by exercising independent judgement and objective participation in the proceedings and decision-making processes of the Board. The presence of INEDs fulfils a pivotal role in corporate accountability to ensure that the interests of minority shareholders are properly safeguarded. The other Non-INEDs also bring with them a wide range of essential business and financial experience relevant to the Group.

Governance **Report**
(continued)

The size and composition of the Board are reviewed annually to ensure that it has the appropriate mix of expertise and experience. A Director with multiple board representations is expected to ensure that sufficient attention is given to the affairs of the Company. NC examines the size and composition of the Board with a view of determining the impact of the number upon effectiveness and makes recommendations to the Board on what it considers an appropriate size and composition for the Board. The Board is of the view that taking into account the nature and scope of the operations of the Group, the Board as presently constituted is of sufficient size and diversity with the appropriate mix of experience, competencies and skills to carry out its responsibilities.

The Board is of the view that it is not necessary to appoint a senior INED as the Board Chairman encourages full participation of all Directors at Board meetings which ensures objectivity in the Board deliberations and decisions.

(4) Board Meetings and Access to Information

Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable Board Committee meetings in order to discharge their obligations. Consistent with their fiduciary duties, Directors are expected to maintain the confidentiality of the deliberations of the Board and its Committees. The Directors are also fully apprised of the need to disclose potential or actual conflict of interest which may arise in relation to transactions or matters which come before the Board or its Committees.

The Board conducts at least 4 scheduled meetings annually, with special meetings convened as warranted by specific circumstances. To facilitate participation at Board meetings, Directors may attend in person, via teleconference or video-conference. Board meetings are also supplemented by resolutions circulated to the Directors for decision between the scheduled meetings.

During FY2014, 6 Board meetings were held. All Directors have complied with the requirements in respect of Board meeting attendance. The attendance record of each Director was as follows:

	Attendance	Percentage
Tan Sri Abu Talib bin Othman	6/6	100
Dato' Seri Robert Tan Chung Meng	6/6	100
Tan Boon Seng	5/6	83
Tan Boon Lee	5/6	83
Tan Lei Cheng	4/6	67
Pauline Tan Suat Ming	4/6	67
Tony Tan @ Choon Keat	4/6	67
Tan Kai Seng	6/6	100
Yeoh Chong Swee	6/6	100
Chua Seng Yong, alternate to Dato' Seri Robert Tan Chung Meng	5/6	83
Daniel Yong Chen-I, alternate to Pauline Tan Suat Ming	6/6	100
Tan Yee Seng, alternate to Tan Boon Seng	5/6	83

The agenda together with a comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting is circulated to all Directors ahead of the scheduled meetings to enable the Directors to peruse, obtain additional information and/or seek further explanations or clarification on the matters to be deliberated. The Directors' materials for meeting include, among others, information on the Group's financial and operational performance, corporate proposals, annual budgets, significant acquisitions and disposals, minutes of Board Committees, securities transactions of the Directors and substantial shareholders and other related matters that required the Board's deliberation and due approval. In order to maintain confidentiality, Board papers on issues that are deemed to be price-sensitive may be handed out to the Directors during the Board meeting. The Chief Financial Officer ("CFO") and senior management officers are invited to attend the Board meetings to report on matters relating to their areas of responsibility, and to brief and provide details on recommendations or reports submitted to the Board. Where necessary or prudent, presentations and briefings by external consultants and legal advisors are on hand to provide further information and respond directly to the Directors' queries. In the event of potential conflict of interest, the Director in such position will make a declaration in the meeting and abstain from deliberation and decision of the Board on the subject proposal. 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. Minutes of each Board meeting are circulated to each Director prior to confirmation of the minutes in the next meeting.

Governance **Report**
(continued)

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

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

(5) Board Committees

The Board has entrusted specific responsibilities to certain Board Committees, which operate within defined TOR. The authority and role of the Board Committees are set out in the Board Charter. Topics of discussion and frequency of meetings will vary depending on each Committee's charter and the portfolio's complexity. The chairman of the respective Board Committees reports to the Board on any salient matters noted by the Committees and which require the Board's notice, direction or approval. The minutes of Committees' meetings are included as part of the Directors' materials for meeting. In common with the Board, each Committee has access to independent advice and counsel as required.

The composition of Board Committees and their TOR were as follows:

(a) Exco

Exco comprises 2 EDs, the Group MD and a Non-INED, namely Tan Boon Seng (Chairman), Dato' Seri Robert Tan Chung Meng, Tan Boon Lee and Pauline Tan Suat Ming. Exco has full authority as delegated by the Board to oversee the conduct of 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. Major investment decisions and management's proposals above certain limits are reserved for decision by the Board upon recommendation of Exco.

Exco met 4 times in FY2014 during which it reviewed management's reports on progress of business operations as well as assessed and approved management's recommendations on acquisitions, divestments, funding, capital expenditure, among other things.

(b) AC

AC comprises 3 INEDs and a Non-INED, namely Tan Kai Seng (Chairman), Tan Sri Abu Talib bin Othman, Yeoh Chong Swee and Tony Tan @ Choon Keat. AC as a whole has an appropriate and experienced blend of commercial, financial and audit expertise to assess the issues it is required to address. With an independent component of 75% and comprised of NEDs, the composition of AC is fully compliant with the MMLR.

AC met 4 times in 2014 to assist the Board in discharging its responsibility for the integrity of IGB's quarterly and year-end financial results, the assessment of the effectiveness and efficiency of the internal controls, risk management and governance processes of the Group and monitoring the effectiveness of the internal and external auditors. AC also met twice in 2014 with the external auditor independently of the Executive Board and management and discussed with them the financial statements and other financial issues as deemed appropriate.

Further details on TOR and the activities carried out by AC during FY2014 are set out in the Annual Report under the heading "Audit Committee Report".

(c) RC

RC comprises 2 INEDs and the Group MD, namely Tan Sri Abu Talib bin Othman (Chairman), Yeoh Chong Swee and Dato' Seri Robert Tan Chung Meng.

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

Governance **Report**

(continued)

RC met once in 2014 during which it considered the extension of service contract of an ED whose term of office expired on 31 December 2014, the quantum of NEDs' remuneration, and the level of pay increases and annual bonus for Executive Board and employees across the Group. RC had recommended the renewal of the service contract of the ED for another 2 years after having regard to his work performance and contributions, of which the Board had approved. The Board had also endorsed RC's recommendation that the annual fee FY2014 for NEDs remained at the same rate of those in FY2013, and the meeting allowance for year 2015 remained unchanged as approved in 2014. RC, with the input from the Group Human Resource on relevant aspects and remuneration practices of comparable companies in the same industry and similar nature of business, as well as consultation with the Group MD on matters relating to the other Executive Board and senior management who report to him and on matters relating to the financial, operating and business expansion of the Group, including consideration of market environment, had applied its judgement in determining a balanced fair outcomes for the pay increases and bonus of the Executive Board, senior management, as well as employees across the Group.

(d) NC

NC comprises 2 INEDs and a Non-INED, namely Tan Sri Abu Talib bin Othman (Chairman), Yeoh Chong Swee and Pauline Tan Suat Ming.

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

NC met twice in FY2014 during which it carried out a performance evaluation of the Board, its Committees and each of the Director and an assessment of INEDs as well as Directors due for re-election/re-appointment at IGB's 51st AGM. This process is discussed in more detail in the sections under Board Appointment/Re-election and Board Performance Evaluation. NC had also considered and recommended to the Board, the re-appointment of Tan Boon Seng as chair of Exco having regard to the need for his continued invaluable contribution to the Board and the Group.

(e) RMC

RMC comprises the members of Exco. RMC reviews and articulates the strategies and policies relating to the management of the Group's 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) SC

SC comprises the Executive Board, namely Dato' Seri Robert Tan Chung Meng, Tan Boon Seng and Tan Boon Lee. SC is responsible for regulating and approving securities transactions and registrations, and for implementing, allocating and administering share issuance scheme (if any) and share buy-back.

(6) Board Appointment/Re-election

Appointments to the Board are the responsibility of the full Board on the recommendation of NC. There is a formal and transparent procedure for appointment of new Directors to the Board, which is made on merit against objective criteria for the purpose. There were no new appointments to the Board during FY2014.

The Company's Articles provide that all Directors should submit themselves for re-election at least once every 3 years in compliance with the MMLR. The Articles also provide that one-third 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 compliance with Section 129(6) of the Act.

The Board Charter does not impose a term of limitation on the tenure of a Director. Term limits hold the disadvantage of losing Directors who have been able to develop, over a period of time, increasing insight into the Group and its operations and, therefore, provide an increasing contribution to the Board as a whole.

Prior to the appointment of a new Director or Directors standing for re-election/re-appointment, NC reviews the skills and contribution of the Directors concerned. The recommendation from NC would then be considered by the Board for support prior to the re-election/re-appointment by the shareholders at AGM. NC also assesses the independence of INEDs based on the criteria for independence as defined in the MMLR and other governance standards as appropriate and presents its assessment to the Board for final determination.

Governance **Report**
(continued)

NC had at its meeting in February 2015 assessed and recommended that those Directors retiring under the Articles or the Act at the 51st AGM be nominated for re-election/re-appointment having regard to the individual's qualifications in various aspects based on the best interest of the Company. The Board (without participation by the related Directors) concurred with NC's recommendation, and deemed it appropriate for the shareholders to re-elect/re-appoint the 5 retiring Directors to continue their offices and/or serving as Independent Directors, in light of their varied knowledge, experience and competency which would be of benefit to the Board, and for the Group's continued progress and growth. The names and biographical details of the Directors standing for re-election/re-appointment at the 51st AGM are disclosed in the Annual Report under the headings "Notice of Annual General Meeting" and "Profile of Directors".

In accordance with the MMLR, each member of the Board holds not more than 5 directorships in public listed issuers.

(7) Board Performance Evaluation

The Board under the guidance of NC reviews and evaluates its own performance and the performance of its Committees as well as the contribution of each Director on an annual basis against both measurable and qualitative indicators, thus ensuring IGB is under the oversight and guidance of an accountable and competent Board. The review allows each Director to individually express his/her personal assessment of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. It provides insight into the functioning of the Board, while identifying areas that might need strengthening and development. Each Director is required to complete an assessment questionnaire. The questionnaire covers topics which include, among others, the responsibilities of the Board in relation to strategies and direction, accountability and oversight, risk management, performance management, compliance and corporate governance. Other areas being assessed include Board structure, Board decision-making and meeting processes. Upon completion of the evaluation process, NC chairman briefs the Board on the overall results of the evaluation conducted and improvements recommended where appropriate.

All Directors had taken part in a formal evaluation process during the year. NC had conducted the process, and concluded that the Board as a whole and its Committees had performed well with the individual's creditability to add value to the Board and Board Committees' deliberations and exercise objective judgement in decision-making processes, and each of the Director has devoted the necessary time to appropriately discharge their responsibilities and contributed to the governance and operations of the Group. NC had also undertaken an assessment of the independence of INEDs, and was satisfied that they remained independent of the management and free of any business or relationship with IGB, and that they had and would continue to provide check and balance to the Board in discharging their responsibilities in an independent manner notwithstanding that they have served as INEDs for more than 9 years. The Board's concurrence (without participation by related INEDs) had also been obtained for the INEDs to continue to act as independent Directors, and the Board held the view that the suitability and ability of an independent Director to carry out his roles and responsibilities effectively were very much a function of his caliber, qualifications, experience and personal qualities, despite his length as an independent Director.

(8) Directors' Remuneration

IGB's policy on Directors' remuneration is to attract, motivate and retain Directors of the calibre needed to assist in managing the Group efficiently. In the case of Executive Board, 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. NED's remuneration reflects the experience, expertise and level of responsibilities undertaken by the individual NED concerned. The fees payable to NEDs are determined by the Board, within the total limit of RM340,000 per annum as approved in 2010 AGM. NEDs are paid meeting allowance for attending each Board or Committee meeting. The Directors do not participate in decision regarding their own remuneration.

The aggregate of Directors' remuneration, distinguishing between Executive Board and NEDs, categorised into appropriate components for FY2014 was as follows:

	Salaries & EPF Contribution RM	Fee RM	*Meeting Allowance RM	**Other Emoluments RM	***Benefits-in-kind RM	Total RM
Executive Board	3,391,440	-	-	5,302,000	107,705	8,801,145
NEDs	-	320,000	146,500	84,000	7,200	557,700
Total	3,391,440	320,000	146,500	5,386,000	114,905	9,358,845

Notes:
* Meeting Allowance for the chairman of meeting and NED for each Board or Board Committee meeting, were respectively at RM3,000 and RM2,500.
** Other Emoluments include bonuses, incentives and retirement benefits.
*** Benefits-in-kind include rental payments, cars, drivers, medical coverage, club memberships and reimbursement.

Governance **Report**

(continued)

The aggregate of Directors' remuneration in respective bands of RM50,000 for FY2014 was as follows:

Range of Remuneration	Executive Board	NEDs
RM50,000 to RM100,000		5
RM150,000 to RM200,000		1
RM450,000 to RM500,000	1	
RM800,000 to RM850,000	1	
RM6,450,000 to RM6,500,000	1	

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

(9) Directors' Continuing Education

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

During FY2014, all Directors had attended various training programmes, conferences and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The Directors had attended/participated in one or more of the following training programmes, seminars and workshops in 2014:

- BDO Tax Service Sdn Bhd : GST Awareness
- Bursa Securities : Advocacy Sessions on Corporate Disclosure for Directors
- DBS Asian Insights Conference 2014 : Are you ready to be a changer in Asia?
- International Integrated Reporting Council, Institute of Singapore Chartered Accountants and PwC : Integrated Reporting - an audit committee perspective
- Lee Kuan Yew School of Public Policy : Imagining China in 2023 - China's domestic and foreign posture under Xi Jinping
- Inland Revenue Board : National Tax Conference 2014
- PwC : 2015 Budget highlights and recent tax development
- Tricor Corporate Services Sdn Bhd : Amendments to Main Market Listing Requirements and Related Party Transactions
- Tricor Corporate Services Sdn Bhd : Related Party Transactions
- Tricor Corporate Services Sdn Bhd : Corporate Governance Guide
- Tricor Knowledge House Sdn Bhd : Tricor GST Conference
- Tricor Knowledge House Sdn Bhd : 10th Tricor Tax & Corporate Seminar
- Tricor Knowledge House Sdn Bhd : Roles and responsibilities of directors in relation to financial statements

The Directors are also kept informed of the various requirements and updates issued by regulatory authorities.

II. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

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

All communications with the media/public and disclosures made to Bursa Securities are in accordance with the CDP. All information reported to the market via the regulatory information service appears as soon as practicable on the corporate website at www.igbcorp.com to promote accessibility of information to all market participants.

IGB recognises the rights of shareholders and encourages the effective exercise of those rights in IGB's AGM. AGM is the principal forum for shareholders to have an open communication with the Directors and senior management. In every AGM, the Board encourages shareholders to participate in the proceedings and ask questions about the resolutions being proposed and corporate developments. The Board Chairman and Group MD respond to shareholders' questions, where appropriate, during the meeting. The external auditor also present to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report. In 2014, all Directors attended the AGM. A press conference was held after the AGM.

Governance **Report**
(continued)

IGB also conducts regular dialogues, briefings and meetings with fund managers, financial analysts and the media to provide updates and new developments about the Group 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.

IGB's financial results as well as other relevant financial data are posted on the Investor Relations section of IGB's website. These include announcements to Bursa Securities, media releases, quarterly results, annual reports and other relevant information.

Whilst IGB aims to provide sufficient information to shareholders and investors about the Group's activities, it also recognises that shareholders and investors may have specific queries and require additional information. To ensure that shareholders and investors can obtain all relevant information to assist them in exercising their rights as shareholders, these queries may be directed to this email address: corporate-enquiry@igbcorp.com. To better serve stakeholders of the Group, a feedback page on the website provides an avenue for stakeholders to suggest improvements via email address: feedback@igbcorp.com.

III. ACCOUNTABILITY AND AUDIT

(1) Financial Reporting

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

The Board, assisted by AC, oversees the financial reporting process and the quality of the financial reporting of the Group. AC reviews and monitors the integrity of the annual and interim financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies as well as ensures these financial statements comply with financial reporting standards and regulatory requirements.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of IGB is set out in the Annual Report under the heading "Reports and Financial Statements FY2014".

(2) Internal Control

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

During the year, AC, with the assistance of the internal and external auditors, had reviewed the adequacy of IGB's internal controls that address critical and compliance nature. No significant weaknesses were noted from the external and internal auditors' respective scope of reviews. The findings were discussed, followed up and where appropriate, rectifications were made by management. On this basis, the Board (with the concurrence of AC) is of the opinion that the internal controls are adequate.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the Group has in place, an adequately resourced Group Internal Audit ("GIA") division and led by a senior manager. GIA subscribes to, and is guided by the Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors ("IIA"), and has incorporated these standards into its audit practices and meets with the standards set by the IIA. GIA provides risk assessment services and controls assurance in order to ensure internal controls are aligned to business objectives and address related risks, and reports directly to AC.

Management is responsible for addressing issues identified by GIA. GIA will also audit and report on the appropriateness and effectiveness of processes for the management of related party transactions ("RPT") and recurrent RPT ("RRPT Mandate"). The activities of this division which reports to AC provides the Board with much assurance it requires regarding the adequacy and integrity of the system of internal control. As risk management is a significant component of a sound system of internal control, the management has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

An overview of the state of internal control of the Group is set out in the Annual Report under the heading "Statement on Risk Management and Internal Control".

(3) Relationship with Auditors

The Board maintains an active, transparent and professional relationship with the Group's auditors, both external and internal, through AC. Key features underlying the relationship of AC with the auditors are disclosed in the Annual Report under the heading "Audit Committee Report".

Governance **Report**

(continued)

IV. ADDITIONAL COMPLIANCE INFORMATION

(1) Material Contracts

There were no material contracts entered into by IGB or its subsidiaries involving Directors' and major shareholders' interests, either subsisting as at 31 December 2014 or entered into since the end of the previous financial year.

(2) Non-audit Fees

The non-audit fees paid to PricewaterhouseCoopers Taxation Services Sdn Bhd for FY2014 amounted to RM244,580 were related to tax compliance and consultancy.

(3) Share Buy-back

During FY2014, the Company purchased a total of 23,463,500 of its ordinary shares of RM0.50 each from the open market at prices ranging from RM2.56 to RM2.75 per share. The total consideration of RM63,648,865 was financed by internal generated funds. Details of IGB's share buy-back exercise for the year under review are set out in the Notes to the Financial Statements.

As at 31 March 2015, IGB held a total of 29,899,600 treasury shares.

(4) CSR

Information on the Group's CSR activities is disclosed in the Letter to Shareholders.

(5) RPT and RRPT Mandate

The Group has established the appropriate procedures to ensure that IGB complies with the MMLR relating to RPT and RRPT Mandate. The Company maintains a register to record all RPT and RRPT Mandate (and the basis, including where applicable, the quotations obtained to support such basis, on which they are entered into) which are entered into by the Group. All RPT and RRPT Mandate are reviewed by AC on a quarterly basis to ensure compliance with the internal control procedures and the provisions of the MMLR. If a member of the Board and/or AC has an interest in a transaction, the Director concerned is to abstain from participating in the review and recommendation process in relation to that transaction.

The shareholders' approval in respect of RRPT Mandate is obtained at the AGM of the Company on a yearly basis. At the last AGM held on 28 May 2014, the Company had obtained the approval for the renewal of RRPT Mandate. None of the actual value of the recurrent RPT had exceeded the estimated value by 10% or more during the validity period of the mandate save for the transaction with Wah Seong (Malaya) Trading Co. Sdn Bhd ("WSTSB") group of companies, for which announcement pursuant to paragraph 10.09(2)(e) of the MMLR had been made to Bursa Securities on 30 January 2015.

In accordance with Section 3.1.5 of Practice Note No. 12 of the MMLR, the details of RRPT conducted pursuant to RRPT Mandate during FY2014 were as follows:

Related Parties	Nature of RRPT Mandate	Interested Related Parties	Amount transacted in FY2014 (RM'000)
Goldis Group	• Provision/receipt of information technology products and services • Lease/rental of properties/premises and provision of related facilities	Dato' Seri Robert Tan Chung Meng (RTCM)[a] Tan Boon Seng (TBS)[b] Tan Lei Cheng (TLC)[c] Tan Boon Lee (TBL)[d] Pauline Tan Suat Ming (PTSM)[e] Tony Tan @ Choon Keat (TTCK)[f] Dato' Tan Chin Nam (DTCN)[g] Daniel Yong Chen-I (DYCI)[h] Elizabeth Tan Hui Ning (ETHN)[i] Gabrielle Tan Hui Chween (GTHC)[j] Tan Yee Seng (TYS)[k] Goldis[l] Tan Chin Nam Sendirian Berhad (TCNSB)[m] Tan Kim Yeow Sendirian Berhad (TKYSB)[n] WSTSB[o]	951

Governance **Report**
(continued)

Related Parties	Nature of RRPT Mandate	Interested Related Parties	Amount transacted in FY2014 (RM'000)
IGB REIT	• Lease/rental of properties/premises and provision of related facilities • Receipt of chilled water and liquefied petroleum gas • Provision of upgrading, repair and maintenance works • Provision of tenant's sales verification • Management of real estate investment trust • Provision of information technology products and services	RTCM[a] TBS[b] TLC[c] TBL[d] PTSM[e] TTCK[f] DTCN[g] DYCI[h] ETHN[i] GTHC[j] TYS[k] Goldis[l] TCNSB[m] TKYSB[n] WSTSB[0]	54,859
WSCB Group	• Lease/rental of properties/premises and provision of related facilities	RTCM[a] TBS[b] TLC[c] TBL[d] PTSM[e] TTCK[f] DTCN[g] DYCI[h] ETHN[i] GTHC[j] TYS[k] Goldis[l] TCNSB[m] TKYSB[n] WSTSB[0]	1,125
WSTSB Group	• Lease/rental of properties/premises and provision of related facilities • Provision of management and consultancy services • Purchase of building materials, audio equipment, electrical equipment/appliances and related products/services • Receipt of installation and maintenance of light boxes/panels/signages and advertising services	RTCM[a] TBS[b] TLC[c] TBL[d] PTSM[e] TTCK[f] DTCN[g] DYCI[h] ETHN[i] GTHC[j] TYS[k] Goldis[l] TCNSB[m] TKYSB[n] WSTSB[0]	4,322

Governance **Report**

(continued)

Related Parties	Nature of RRPT Mandate	Interested Related Parties	Amount transacted in FY2014 (RM'000)
Subsidiaries of IGB • Cititel Hotel Management Sdn Bhd ("CHM") • Tan & Tan Realty Sdn Bhd ("TTR")	• Provision/receipt of management, consultancy and support services	RTCM[a] TBS[b] TLC[c] TBL[d] PTSM[e] TTCK[f] DTCN[g] DYCI[h] ETHN[i] GTHC[j] TYS[k] Goldis[l] TCNSB[m] TKYSB[n] WSTSB[0]	8,074

Notes:

a RTCM is a Director of IGB Group, IGB REIT Management, Goldis, WSCB Group, WSTSB Group and TKYSB Group. He is a major shareholder of IGB and a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and TKYSB. He is the father of ETHN and GTHC; and a brother of PTSM and TTCK.

b TBS is a Director of IGB and WSTSB Group. He is a substantial shareholder of Goldis. He is a son of DTCN, the father of TYS and a brother of TLC and TBL.

c TLC is a Director of IGB Group, IGB REIT Management, Goldis Group, TCNSB and WSTSB. She is a daughter of DTCN and a sister of TBS and TBL.

d TBL is a Director of IGB Group, IGB REIT Management, Goldis Group, TCNSB and WSTSB Group. He is a son of DTCN and a brother of TBS and TLC.

e PTSM is a Director of IGB, WSCB, WSTSB Group and TKYSB Group. She is a major shareholder of IGB and a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and TKYSB. She is the mother to DYCI and a sister of RTCM and TTCK.

f TTCK is a Director of IGB, TKYSB Group and WSTSB Group. He is a major shareholder of IGB and a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and TKYSB. He is a brother of RTCM and PTSM.

g DTCN is a Director of TCNSB and WSTSB Group. DTCN is the father of TBS, TLC and TBL.

h DYCI is alternate to PTSM on the boards of IGB and WSCB, a Director of IGB Group, Goldis and IGB REIT Management. He is a son of PTSM.

i ETHN is a Director of IGB Group and IGB REIT Management. She is a daughter of RTCM and a sister of GTHC.

j GTHC is a Director of IGB Group. She is a daughter of RTCM and a sister of ETHN.

k TYS is alternate to TBS on the Board of IGB, a Director of IGB Group and IGB REIT Management. He is the son of TBS.

l Goldis is a major shareholder of IGB and a major unitholder of IGB REIT; and a person connected to RTCM, TBS, PTSM, TTCK, TKYSB, TCNSB and WSTSB.

m TCNSB is a major shareholder of IGB and a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and WSTSB; and a person connected to DTCN, TBS, TLC, TBL and TYS.

n TKYSB is a major shareholder of IGB and a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and WSTSB; and a person connected to RTCM, PTSM and TTCK.

o WSTSB is a major shareholder of IGB and a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB, CHM and TTR; and a person connected to RTCM, PTSM, TTCK, TCNSB and TKYSB.

Audit Committee **Report**

FORMATION

AC of IGB was established by the Board on 12 April 1994.

The role of AC is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and the audit process of the Group as well as the Company's process for monitoring compliance with laws and regulations.

COMPOSITION

AC as a whole has an appropriate and experienced blend of commercial, financial and audit expertise to fulfil its duties. AC members during FY2014 are as follows:

Tan Kai Seng, AC Chairman (INED)
Tan Sri Abu Talib bin Othman (INED)
Yeoh Chong Swee (INED)
Tony Tan @ Choon Keat (Non-INED)

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.

TOR

AC is governed by the following TOR:

(a) Membership

AC members shall be appointed by the Board upon the recommendations of NC and shall consist of not less than 3 members, all of whom must be NEDs, with a majority of them, including the chairman, must be independent. AC members should be financially literate, and at least one of whom shall be a member of the Malaysian Institute of Accountants ("MIA") or fulfils such other requirements as prescribed or approved by Bursa Securities. No alternate Director shall be appointed to AC.

(b) Authority

AC shall, within the limits of the policy determined and powers delegated by the Board, has the authority to -

(i) investigate any activity within its TOR;
(ii) obtain the resources required to perform its duties;
(iii) full and unrestricted access to information, records and documents relevant to its activities;
(iv) communicate directly with external and internal auditors, as well as employees of the Group;
(v) engage, consult and obtain external legal or independent professional advice as necessary; and
(vi) convene meetings with external and internal auditors whenever deemed necessary.

(c) Responsibilities

The responsibilities of AC include -

(i) review and recommend quarterly results and annual financial statements of IGB for the Board's approval, focusing primarily on:

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

Audit Committee **Report**

(continued)

(ii) review with external auditor of the following:

- audit plans and audit reports and the extent of assistance rendered by employees of the Group;
- evaluation of the system of internal control;
- issues and reservations arising from audits; and
- audit fee and any questions of resignation, dismissal or reappointment of external auditor.

(iii) review with internal auditor of the following:

- internal audit's charter which defines the independent purpose, authority, scope and responsibility of the internal audit function;
- adequacy and relevance of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
- audit plan of work programme and results of the internal audit processes including recommendations and actions taken;
- effectiveness of the system of internal control, risk management and governance processes including compliance with the MMLR; and
- assessment of the performance of the internal audit function including that of senior staff and any matter concerning their appointment and termination.

(iv) review RPT, RRPT and conflict-of-interest situations that may arise, including any transaction, procedure or course of conduct that raises questions of management integrity.

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

(vi) verify allocation of options (if any) pursuant to a share issuance scheme is in compliance with the criteria for allocation of options under the scheme and in accordance with the MMLR.

(vii) prepare reports, if the circumstances arise or at least once a year, summarising the work performed by AC for inclusion in the Annual Report.

(viii) 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 MMLR.

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

(d) Meetings

AC shall meet at least 4 times a year and its quorum must at all times comprised of at least 2 INEDs. AC meetings may be held by teleconference or video-conference or by circular resolution. Other Board members and management staff may attend meetings upon invitation of AC, to assist in its deliberations and resolutions of matters raised.

At least twice a year, AC shall meet with external auditor without the presence of Executive Board and senior management of the Group. Additional meetings may be held upon request by any AC member, internal or external auditor.

Minutes shall be kept of the proceedings and the resolutions of AC. Minutes shall be signed by the chairman and made available prior to the next meeting and approved therein. AC chairman shall report to the Board on any salient matters noted by AC and which requires the Board's notice, direction and approval. AC minutes shall be included in the Directors' materials for meeting.

MEETINGS FY2014

AC met 4 times in FY2014 which were attended by all members except for Tony Tan @ Choon Keat who attended 3 out of 4 AC meetings.

The Group MD, CFO, Head of GIA and Company Secretary were invited to all AC meetings to present their respective reports to AC. The external auditor attended 2 AC meetings in 2014 to present the Auditors' Report on the financial statements FY2013 and Auditors' Audit Plan FY2014. AC also met with PwC twice in 2014 without the presence of Executive Board and senior management to make enquiries in relation to management's co-operation in financial reporting, and the state of affairs of internal audit function.

Audit Committee **Report**
(continued)

ACTIVITIES FY2014

In line with AC's TOR, the following activities were carried out by AC during FY2014 in discharging its functions:

(a) Financial Reporting

Reviewed and recommended for the Board's approval the quarterly results and annual audited financial statements FY2013 of IGB.

(b) External Audit

(i) Reviewed and approved PwC's audit plan, audit approach and reporting requirements in respect of the year-end financial statements.
(ii) Reviewed and directed follow-up action, when needed, the findings of PwC on the results of their audits.
(iii) Reviewed the extent of assistance rendered by management and issues and reservations arising from statutory audit with PwC, without the presence of the Group MD and management staff.
(iv) Reviewed and recommended for Board's approval the appointment and remuneration of PwC.

(c) Internal Audit

(i) Reviewed and approved GIA's charter as well as annual audit plan which covered projects and entities across all level operations within the Group.
(ii) Reviewed findings of GIA's reports on the Group and ad hoc assigments, management's responses to those findings and directed significant internal control weaknesses highlighted by GIA be rectified by management.
(iii) Reviewed GIA's reports on the effectiveness and adequacy of internal controls, risk management, operational, compliance and governance processes.
(iv) Reviewed adequacy of the scope, functions, competency and resources of GIA to ensure that it has the necessary authority to carry out its works.

(d) RPT

(i) Reviewed RPT and RRPT entered into by the Group.
(ii) Reviewed any conflict-of-interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.

AC'S CONTINUING EDUCATION

The details of training programme and seminars attended by AC members during FY2014 are set out in the Governance Report under the heading "Directors' Continuing Education".

GIA FUNCTION

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

GIA together with senior management monitor the risk governance framework and the risk processes of the Group to ensure their adequacy and effectiveness.

The costs incurred for GIA function for FY2014 were RM864,752.

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

Statement on **Risk Management and Internal Control**

RESPONSIBILITY

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

RISK MANAGEMENT

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

The management assists the Board in the implementation of the Board's policies and procedures on risks and internal controls by identifying and assessing the risks faced and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. All employees are accountable for operating within these policies. The GIA function provides further independent assurance on the adequacy and effectiveness of the risk management and internal control system.

KEY INTERNAL CONTROL PROCESSES

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

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

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

The GIA function evaluates the effectiveness of the governance, risk management and internal control framework and recommends enhancement, where appropriate. The work of 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 AC. The head of this function reports directly to AC. AC receives reports on the function's work and findings and is updated regularly on issues that required further follow-up and rectification by management.

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

The Board has received assurances from the Group MD and CFO that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

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

Shareholding **Statistics**
as at 31 March 2015

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

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

I. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		Total No. of Shareholders		No. of Issued Ordinary Shares		Total No. of Issued Ordinary Shares	
	Malaysian	Foreigner	No.	%	Malaysian	Foreigner	No.	% [b]
1 - 99	1,693	35	1,728	15.14	33,101	1,303	34,404	0.00
100 - 1,000	1,665	44	1,709	14.97	1,010,040	28,184	1,038,224	0.08
1,001 - 10,000	5,983	443	6,426	56.30	20,668,930	1,949,542	22,618,472	1.70
10,001 - 100,000	1,112	235	1,347	11.80	27,621,334	6,163,728	33,785,062	2.53
100,001 - less than 5% of Issued Ordinary Shares [b]	154	47	201	1.76	207,301,357	91,331,118	298,632,475	22.37
5% and above of Issued Ordinary Shares	3	0	3	0.03	978,790,103	0	978,790,103	73.32
Total	**10,610**	**804**	**11,414**	**100.00**	**1,235,424,865**	**99,473,875**	**1,334,898,740**	**100.00**

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

II. ANALYSIS OF EQUITY STRUCTURE

No.	Category of Shareholders	No. of Shareholders		No. of Issued Ordinary Shares		% of Issued Ordinary Shares [b]	
		Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1.	Individual	9,626	393	69,262,804	4,989,522	5.19	0.37
2.	Body Corporate						
	a. Bank/finance companies	22	1	20,258,630	10,100	1.52	0.00
	b. Investment trust/foundation/ charities	3	0	30,805	0	0.00	0.00
	c. Industrial and commercial companies [b]	151	12	487,933,076	587,680	36.55	0.04
3.	Government agencies/institutions	1	0	14,023	0	0.00	0.00
4.	Nominees	806	398	657,916,690	93,886,573	49.29	7.03
5.	Others	1	0	8,837	0	0.00	0.00
	Total	**10,610**	**804**	**1,235,424,865**	**99,473,875**	**92.55**	**7.45**

Shareholding **Statistics**

as at 31 March 2015
(continued)

III. SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest [c]	
Name	No. of Issued Ordinary Shares	% of Issued Ordinary Shares [b]	No. of Issued Ordinary Shares	% of Issued Ordinary Shares [b]
Goldis Berhad	978,790,103	73.32	0	0.00
Employees Provident Fund Board	67,619,872	5.07	0	0.00
Dato' Seri Robert Tan Chung Meng	1,000,000	0.07	978,790,103	73.32
Tan Chin Nam Sendirian Berhad	370,500	0.03	978,709,103	73.32
Tan Kim Yeow Sendirian Berhad	0	0.00	978,709,103	73.32
Wah Seong (Malaya) Trading Co. Sdn Bhd	0	0.00	978,709,103	73.32
Pauline Tan Suat Ming	0	0.00	978,815,360	73.33
Tony Tan @ Choon Keat	0	0.00	978,709,103	73.32

[c] Deemed interests by virtue of interest held by other corporations pursuant to Section 6A of the Act and/or persons connected as defined under Section 122A of the Act

IV. TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Issued Ordinary Shares	% of Issued Ordinary Shares [b]
1.	Goldis Berhad	480,790,103	36.02
2.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goldis Berhad (KLC)	323,700,000	24.25
3.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goldis Bhd (CBM-TEAM 2)	174,300,000	13.06
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	56,043,772	4.20
5.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund	47,919,732	3.59
6.	M & A Nominee (Asing) Sdn Bhd Insas Credit & Leasing Sdn Bhd for Montego Assets Limited	16,200,000	1.21
7.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	14,531,800	1.09
8.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	13,691,748	1.03
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employee Provident Fund Board (AFFIN-HWG)	10,076,100	0.75
10.	HSBC Nominees (Asing) Sdn Bhd TNTC for Somerset Emerging Markets Small Cap Fund LLC	8,909,446	0.67
11.	Thong Weng Tim	8,346,150	0.63
12.	UOBM Nominees (Asing) Sdn Bhd Pledged Securities Account for Montego Assets Limited (PCB)	5,800,000	0.43
13.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Monetary Authority of Singapore (H)	4,327,000	0.32
14.	Pertubuhan Keselamatan Social	4,260,500	0.32
15.	Amanahraya Trustees Berhad Public Sector Select Fund	4,069,176	0.30

Shareholding **Statistics**

as at 31 March 2015
(continued)

IV. TOP 30 SECURITIES ACCOUNT HOLDERS (continued)

No.	Name	No. of Issued Ordinary Shares	% of Issued Ordinary Shares (b)
16.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	4,042,430	0.30
17.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Manulife Investment - HW Flexi Fund	3,895,000	0.29
18.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN for Deutsche Bank AG London (Prime Brokerage)	3,292,800	0.25
19.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for AMB Dividend Trust Fund	3,045,450	0.23
20.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	2,916,800	0.22
21.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	2,869,800	0.21
22.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Balanced Fund	2,820,000	0.21
23.	CIMB Commerce Trustee Berhad Public Focus Select Fund	2,812,969	0.21
24.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	2,316,107	0.17
25.	Citigroup Nominees (Tempatan) Sdn Bhd Bank Negara Malaysia National Trust Fund (Hwang)	2,240,000	0.17
26.	M & A Nominee (Tempatan) Sdn Bhd Titan Express Sdn Bhd	1,969,121	0.15
27.	Amanahraya Trustees Berhad Affin Hwang Growth Fund	1,877,800	0.14
28.	Insas Plaza Sdn Bhd	1,715,678	0.13
29.	Amanahraya Trustees Berhad Public Savings Fund	1,711,453	0.13
30.	Amanahraya Trustees Berhad Public Dividend Select Fund	1,685,408	0.13
	Total	1,212,176,343	90.81

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

THE COMPANY
IGB CORPORATION BERHAD

	No. of Ordinary Shares Held			
Name	Direct	% (b)	Deemed (c)	% (b)
Tan Sri Abu Talib bin Othman	1,398,850	0.10	0	0.00
Dato' Seri Robert Tan Chung Meng	1,000,000	0.07	978,790,103	73.32
Tan Boon Lee	1,650,000	0.12	0	0.00
Pauline Tan Suat Ming	0	0.00	978,815,360	73.33
Tony Tan @ Choon Keat	0	0.00	978,790,103	73.32
Tan Kai Seng	93,677	0.01	0	0.00
Yeoh Chong Swee	0	0.00	79,035	0.01
Chua Seng Yong	59,806	0.00	0	0.00

Shareholding **Statistics**

as at 31 March 2015
(continued)

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

HOLDING COMPANY
GOLDIS BERHAD ("GOLDIS")

	Direct				Deemed (c)			
	Ordinary Shares		Redeemable Convertible Cumulative Preference Shares		Ordinary Shares		Redeemable Convertible Cumulative Preference Shares	
Name	**No.**	**% (d)**	**No.**	**% (e)**	**No.**	**% (d)**	**No.**	**% (e)**
Dato' Seri Robert Tan Chung Meng	1,483,509	0.24	1,112,631	0.24	178,355,976	29.35	142,988,143	31.38
Tan Boon Seng	1,400,824	0.23	1,050,618	0.23	93,928,042	15.46	71,946,030	15.79
Tan Boon Lee	4,157,380	0.68	3,118,035	0.68	0	0.00	0	0.00
Tan Lei Cheng	8,899,651	1.46	6,674,738	1.46	3,862,176	0.64	2,915,613	0.64
Pauline Tan Suat Ming	803,297	0.13	602,472	0.13	178,355,976	29.35	142,988,143	31.38
Tony Tan @ Choon Keat	0	0.00	0	0.00	178,355,967	29.35	142,988,143	31.38
Tan Kai Seng	19,891	0.00	0	0.00	0	0.00	0	0.00
Chua Seng Yong	922	0.00	0	0.00	0	0.00	0	0.00
Tan Yee Seng	53,045	0.01	39,783	0.01	0	0.00	0	0.00

(d) Based on issued Ordinary Shares of 607,636,036 (excluding 2,858,020 Ordinary Shares bought-back by Goldis and retained as treasury shares)
(e) Based on issued Redeemable Convertible Cumulative Preference Shares of 455,727,000

SUBSIDIARY COMPANY
IGB REAL ESTATE INVESTMENT TRUST ("IGB REIT")

	No. of Units Held			
Name	**Direct**	**% (f)**	**Deemed (c)**	**% (f)**
Tan Sri Abu Talib bin Othman	1,111,908	0.03	0	0.00
Dato' Seri Robert Tan Chung Meng	7,289,081	0.21	1,818,563,225	52.66
Tan Boon Seng	0	0.00	5,519,604	0.16
Tan Boon Lee	1,989,725	0.06	0	0.00
Tan Lei Cheng	1,853,742	0.05	345,722	0.01
Pauline Tan Suat Ming	1,080,898	0.03	1,818,563,225	52.66
Tony Tan @ Choon Keat	1,000,000	0.03	1,818,563,225	52.66
Tan Kai Seng	1,393	0.00	0	0.00
Yeoh Chong Swee	0	0.00	14,322	0.00
Daniel Yong Chen-I	622,132	0.02	0	0.00
Tan Yee Seng	307,200	0.01	0	0.00

(f) Based on issued Units of 3,453,233,369

List of Top Ten **Major Properties by Value**

held by IGB Group as at 31 December 2014

	Location/Address	Tenure	Age of Building (Years)	Description/ Existing use	Date of Acquisition/ Revaluation	Group Net Book Value As At 31 Dec 2014 RM'000
1	Corner of Jalan Sultan Ismail and Jalan Ampang, Kuala Lumpur	Freehold	18	910-rooms Renaissance Kuala Lumpur Hotel	23-3-2012	652,048
2	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	8	Shopping complex known as The Gardens Mall together with 4,128 car parking bays	28-12-2004	544,321
3	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	15	Shopping complex known as Mid Valley Megamall together with 6,102 car parking bays	17-12-1999	403,267
4	HS(D) 493555 PTD 208568 and HS(D) 493556 PTD 208569 Mukim Plentong Daerah Johor Bahru	Leasehold expiring 2100	-	31.5 acres vacant land for proposed mixed commercial development at Southkey, Johore	3-9-2013	364,711
5	PT 15 HS(D) 105028 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	Proposed commercial development under construction known as Mid Valley South Point at Mid Valley City	28-12-2004	304,474
6	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	15	646-rooms Cititel Hotel Mid Valley	31-12-2011	272,511
7	34 Hunter Street Sydney, Australia	Freehold	-	Proposed 281-rooms The Tank Stream - St Giles Premier Hotel, Sydney under refurbishment	06-07-2011	189,638
8	Micasa Hotel Apartments 386 Jalan Tun Razak Kuala Lumpur	Freehold	25	242-keys MiCasa All Suite Hotel	31-12-2010	176,074
9	Lot 15256 Mukim of Labu, District of Seremban, Negeri Sembilan	Freehold	-	344.0 hectares vacant land approved for mixed development for residential and commercial use	31-1-2002	172,336
10	207 Jalan Tun Razak Kuala Lumpur	Freehold	21	330,000sf office space at Menara Tan & Tan	31-1-2002	171,096

Five-Year **Group Financial Highlights**

FINANCIAL YEAR ENDED 31 DECEMBER		2014	2013	2012	2011	2010
Revenue	RM '000	**1,173,815**	1,087,320	993,851	772,129	719,360
Profit before tax	RM '000	**422,210**	397,844	366,198	357,504	277,922
Profit attributable to equity holders of the Company	RM '000	**218,111**	202,242	180,190	237,650	174,617
Issued and paid-up share capital (RM0.50)	RM '000	**682,399**	682,399	745,148	745,148	745,148
Capital and reserves attributable to equity holders of the Company	RM '000	**4,305,404**	4,168,870	4,140,642	3,424,000	3,105,589
Total Assets	RM '000	**7,395,059**	6,606,227	7,114,207	5,342,904	4,685,846
Earnings per share (basic)	sen	**16.3**	14.5	12.5	16.3	12.0
Net assets per share	RM	**3.2**	3.1	2.9	2.3	2.1
Gross dividend per share						
- cash dividend	sen	**10.0**	7.50	7.50	7.50	2.50
- share dividend *	sen	**-**	-	-	-	2.15
Share price as at 31 Dec	RM	**2.60**	2.72	2.30	2.46	2.08
Dividend yield	%	**3.8**	2.8	3.3	3.0	2.2
Total borrowings	RM '000	**2,146,555**	1,558,369	1,696,694	1,105,640	832,197
Net borrowings	RM '000	**1,044,467**	487,816	(425,937)	261,036	203,440
Net debt to Capital and Reserves attributable to equity holders of the Company	Times	**0.24**	0.12	(0.10)	0.08	0.07

* The share dividend distributed on 8 April 2011 from the treasury shares of the Company was made on the basis of one share for every one hundred existing shares held at the entitlement date. Based on the Company's share price of RM2.15 each on 8 April 2011, the value of the share dividend is equivalent to a gross cash dividend of 2.15 sen per share.

\# The financial information for the financial years ended 31 December 2010 to 31 December 2012 have been presented in accordance with the Financial Reporting Standards previously adopted by the Group.

Reports and Financial Statements

50 Years of Excellence
1964 - 2014

Directors' **Report**

for the financial year ended 31 December 2014

The Directors are pleased to present their Report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities and corporate information

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

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

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

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

Financial results

	Group RM'000	Company RM'000
Profit for the financial year	329,080	233,392
Attributable to:		
Equity holders of the Company	218,111	233,392
Non-controlling interests	110,969	-
	329,080	233,392

Dividends

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

		RM'000
(a)	In respect of the financial year ended 31 December 2013: As disclosed in the Directors' Report of that year: Second interim single-tier dividend of 5% or 2.5 sen per ordinary share paid on 28 March 2014	33,699
(b)	In respect of the financial year ended 31 December 2014: Interim single-tier dividend of 20% or 10.0 sen per ordinary share paid on 27 March 2015	136,480

The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2014.

Reserves and provisions

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

Directors' **Report**

for the financial year ended 31 December 2014

(continued)

Treasury shares

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting on 28 May 2014. The Directors of the Company are committed to enhance 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 23,463,500 of its own shares from the open market for RM63,648,865. The average purchase price for the shares repurchased was RM2.71 per share. The repurchase transactions were 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 purchase cost. The Company has the right to distribute these shares as dividends to reward shareholders and/or resell the shares and/or cancel the shares. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As at 31 December 2014, the number of treasury shares held was 29,899,600 (2013: 6,436,100) ordinary shares of RM0.50 each.

Directors

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

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

Pursuant to Article 85 of the Company's Articles of Association and paragraph 7.26 of the Main Market Listing Requirements ("MMLR") of Bursa Securities, Tan Lei Cheng and Pauline Tan Suat Ming retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965 and in line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG"), Tan Sri Abu Talib Bin Othman and Yeoh Chong Swee are obliged to retire from office but are eligible for re-appointment to hold office until the conclusion of the next Annual General Meeting.

In line with Recommendation 3.3 of the MCCG, Tan Kai Seng retires, and being eligible offers himself for re-appointment to hold office until the conclusion of the next Annual General Meeting.

Directors' **Report**

for the financial year ended 31 December 2014
(continued)

Directors' interests

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

In the Company	**Number of ordinary shares of RM0.50 each**			
	1 January 2014	**Addition**	**Disposal**	**31 December 2014**
Tan Sri Abu Talib Bin Othman				
Direct	1,398,850	-	-	**1,398,850**
Dato' Seri Robert Tan Chung Meng				
Direct	3,954,717	-	(3,954,717) *	**-**
Indirect	537,770,124	572,687,987 *	(131,668,008) *	**978,790,103**
Tan Boon Seng				
Indirect	44,795,642	8,350,500 *	(53,146,142) *	**-**
Tan Boon Lee				
Direct	3,424,529	400,000	(3,424,529) *	**400,000**
Tan Lei Cheng				
Direct	2,318,118	-	(2,318,118) *	**-**
Indirect	1,707,038	-	(1,707,038) *	**-**
Pauline Tan Suat Ming				
Direct	1,006,784	-	(1,006,784) *	**-**
Indirect	537,795,381	572,687,987 *	(131,668,008) *	**978,815,360**
Tony Tan @ Choon Keat				
Indirect	537,770,124	572,687,987 *	(131,668,008) *	**978,790,103**
Tan Kai Seng				
Direct	93,667	-	-	**93,667**
Yeoh Chong Swee				
Indirect	79,035	-	-	**79,035**
Chua Seng Yong				
Direct	850,006	-	(249,600)	**600,406**

* *The additions and disposals during the year arose from Goldis Berhad take-over offer to acquire all the remaining ordinary shares of RM0.50 each in the Company at an offer price of RM2.88 per share.*

Directors' **Report**

for the financial year ended 31 December 2014

(continued)

Directors' interests (continued)

In Goldis Berhad (ultimate holding company)	Number of ordinary shares of RM1.00 each			
	1 January 2014	**Addition**	**Disposal**	**31 December 2014**
Dato' Seri Robert Tan Chung Meng				
Direct	1,440,300	43,209	-	**1,483,509**
Indirect	173,161,147	5,194,829	-	**178,355,976**
Tan Boon Seng				
Direct	1,360,024	40,800	-	**1,400,824**
Indirect	88,312,280	7,109,662	-	**95,421,942**
Tan Boon Lee				
Direct	4,036,292	121,088	-	**4,157,380**
Tan Lei Cheng				
Direct	8,640,438	259,213	-	**8,899,651**
Indirect	3,749,686	112,490	-	**3,862,176**
Pauline Tan Suat Ming				
Direct	779,901	23,396	-	**803,297**
Indirect	173,161,147	5,194,829	-	**178,355,976**
Tony Tan @ Choon Keat				
Indirect	173,161,147	5,194,829	-	**178,355,976**
Tan Kai Seng				
Direct	19,312	579	-	**19,891**
Chua Seng Yong				
Direct	896	26	-	**922**
Tan Yee Seng				
Direct	51,500	1,545	-	**53,045**

Directors' **Report**

for the financial year ended 31 December 2014
(continued)

Directors' interests (continued)

In IGB Real Estate Investment Trust ("IGB REIT")	Number of units of RM1.00 each			
(subsidiary)	**1 January 2014**	**Addition**	**Disposal**	**31 December 2014**
Tan Sri Abu Talib Bin Othman				
Direct	1,111,908	-	-	**1,111,908**
Dato' Seri Robert Tan Chung Meng				
Direct	7,289,081	-	-	**7,289,081**
Indirect	1,809,980,089	44,708,089	(42,030,667)	**1,812,657,511**
Tan Boon Seng				
Indirect	5,519,604	-	-	**5,519,604**
Tan Boon Lee				
Direct	1,989,725	-	-	**1,989,725**
Tan Lei Cheng				
Direct	1,853,742	-	-	**1,853,742**
Indirect	345,722	-	-	**345,722**
Pauline Tan Suat Ming				
Direct	1,080,898	-	-	**1,080,898**
Indirect	1,809,980,089	44,708,089	(42,030,667)	**1,812,657,511**
Tony Tan @ Choon Keat				
Direct	1,000,000	-	-	**1,000,000**
Indirect	1,809,980,089	44,708,089	(42,030,667)	**1,812,657,511**
Tan Kai Seng				
Direct	224,852	-	(223,459)	**1,393**
Yeoh Chong Swee				
Indirect	14,322	-	-	**14,322**
Chua Seng Yong				
Direct	50,000	-	(50,000)	**-**
Daniel Yong Chen-I				
Direct	627,132	-	(5,000)	**622,132**
Tan Yee Seng				
Direct	707,200	-	(400,000)	**307,200**

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

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

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the fees and other emoluments paid as disclosed in Note 7) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36 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.

Directors' **Report**

for the financial year ended 31 December 2014
(continued)

Statutory information on the financial statements

Before the income statements, statement of comprehensive income and statements of financial position were made out, the Directors took reasonable steps:

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

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

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

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

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

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

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

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

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

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

At the date of this Report, the Directors 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 operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

Ultimate holding company

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

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 April 2015.

Dato' Seri Robert Tan Chung Meng
Group Managing Director

Tan Kai Seng
Director

Income **Statements**

for the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000 (Restated)
Revenue	5	**1,173,815**	1,087,320	**273,030**	100,746
Cost of sales		**(508,484)**	(444,880)	**(19,214)**	(14,578)
Gross profit		**665,331**	642,440	**253,816**	86,168
Other operating income		**28,738**	28,161	**30,306**	31,553
Administrative expenses		**(238,811)**	(242,047)	**(35,551)**	(39,863)
Other operating expenses		**(18,854)**	(18,578)	**(3,748)**	(3,245)
Profit from operations	6	**436,404**	409,976	**244,823**	74,613
Finance costs	8	**(73,736)**	(73,984)	**(13,979)**	(11,827)
Finance income	8	**38,177**	45,357	**36,010**	48,369
Share of results of associates		**21,365**	16,495	**-**	-
Profit before tax		**422,210**	397,844	**266,854**	111,155
Tax expense	9	**(93,130)**	(98,373)	**(33,462)**	(18,646)
Profit for the financial year		**329,080**	299,471	**233,392**	92,509
Attributable to:					
Equity holders of the Company		**218,111**	202,242	**233,392**	92,509
Non-controlling interests		**110,969**	97,229	**-**	-
Profit for the financial year		**329,080**	299,471	**233,392**	92,509
Earnings per ordinary share attributable to equity holders of the Company (sen)					
Basic	10	**16.29**	14.51		

Consolidated Statements of **Comprehensive Income**

for the financial year ended 31 December 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000 (Restated)**
Profit for the financial year	**329,080**	299,471	**233,392**	92,509
Other comprehensive income/(loss):				
Exchange differences on translating foreign operations:				
Equity holders	**2,704**	14,983	**-**	-
Non-controlling interests	**100**	(201)	**-**	-
Items that may be subsequently reclassified to profit or loss	**2,804**	14,782	**-**	-
Total comprehensive income for the financial year	**331,884**	314,253	**233,392**	92,509
Attributable to:				
Equity holders of the Company	**220,815**	217,224	**233,392**	92,509
Non-controlling interests	**111,069**	97,029	**-**	-
Total comprehensive income for the financial year	**331,884**	314,253	**233,392**	92,509

Consolidated Statements of **Financial Position**

as at 31 December 2014

	Note	Group 31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	01.01.2013 RM'000 (Restated)
Capital and reserves attributable to equity holders of the Company				
Share capital	12	**682,399**	682,399	745,148
Share premium	13	**112,641**	112,641	404,112
Treasury shares	14	**(81,088)**	(17,439)	(157,015)
		713,952	777,601	992,245
Revaluation and other reserves	15	**80,436**	77,732	183,019
Retained earnings	16	**3,511,016**	3,313,537	2,967,584
		4,305,404	4,168,870	4,142,848
Non-controlling interests		**85,191**	78,106	600,816
Total equity		**4,390,595**	4,246,976	4,743,664
Non-current assets				
Property, plant and equipment	17	**2,184,009**	2,023,261	1,829,596
Investment properties	18	**2,321,956**	2,175,094	1,965,079
Inventories	19	**267,294**	238,549	248,059
Long-term prepaid lease	20	**3,645**	3,697	3,703
Investments in associates and joint ventures	22	**813,168**	387,723	355,621
Deferred tax assets	23	**103**	103	5,893
Goodwill	24	**19,164**	19,164	19,164
		5,609,339	4,847,591	4,427,115
Current assets				
Inventories	19	**392,372**	392,337	297,574
Financial assets at fair value through profit or loss	26	**11,932**	394	504
Receivables and contract assets	27	**222,321**	215,569	213,574
Amounts owing by associates and joint ventures	29	**54,053**	76,730	59,080
Tax recoverable		**2,954**	3,053	3,522
Cash held under Housing Development Accounts	30	**40,500**	32,984	5,259
Cash and bank balances	25	**1,061,588**	1,037,569	2,117,372
		1,785,720	1,758,636	2,696,885
Less: Current liabilities				
Payables and contract liabilities	31	**493,559**	470,712	357,975
Amounts owing to associates	29	**2,697**	4,107	22,487
Borrowings	32	**575,288**	163,460	263,312
Current tax payable		**113,080**	67,690	59,148
		1,184,624	705,969	702,922
Net current assets		**601,096**	1,052,667	1,993,963
Less: Non-current liabilities				
Payables and contract liabilities	31	**59,788**	65,692	55,178
Borrowings	32	**1,571,267**	1,394,909	1,433,382
Deferred tax liabilities	23	**188,785**	192,681	188,854
		1,819,840	1,653,282	1,677,414
		4,390,595	4,246,976	4,743,664

Company Statements of **Financial Position**

as at 31 December 2014

	Note	Company 31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	01.01.2013 RM'000
Capital and reserves attributable to equity holders of the Company				
Share capital	12	**682,399**	682,399	745,148
Share premium	13	**112,641**	112,641	404,112
Treasury shares	14	**(81,088)**	(17,439)	(157,015)
		713,952	777,601	992,245
Revaluation and other reserves	15	**62,749**	62,749	-
Retained earnings	16	**4,317,994**	4,118,301	4,156,200
Total equity		**5,094,695**	4,958,651	5,148,445
Non-current assets				
Property, plant and equipment	17	**2,402**	3,487	3,565
Investments in subsidiaries	21	**4,330,009**	4,170,834	4,470,086
Investments in associates and joint ventures	22	**37,735**	9,642	9,642
		4,370,146	4,183,963	4,483,293
Current assets				
Inventories	19	**47,295**	49,145	51,205
Financial assets at fair value through profit or loss	26	**343**	394	389
Receivables and contract assets	27	**24,819**	18,478	40,052
Amounts owing by subsidiaries	28	**293,284**	415,661	458,741
Amounts owing by associates and joint ventures	29	**675**	30,749	30,713
Cash held under Housing Development Accounts	30	**16,419**	10,081	45
Cash and bank balances	25	**619,352**	528,806	353,713
		1,002,187	1,053,314	934,858
Less: Current liabilities				
Payables and contract liabilities	31	**13,944**	20,067	10,120
Amounts owing to subsidiaries	28	**51,100**	47,233	49,355
Borrowings	32	**1,218**	1,282	1,279
Current tax payable		**11,139**	9,080	8,952
		77,401	77,662	69,706
Net current assets		**924,786**	975,652	865,152
Less: Non-current liabilities				
Payables and contract liabilities	31	**-**	794	-
Borrowings	32	**200,000**	200,000	200,000
Deferred tax liabilities	23	**237**	170	-
		200,237	200,964	200,000
		5,094,695	4,958,651	5,148,445

Consolidated Statement of **Changes in Equity**

for the financial year ended 31 December 2014

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares							
		Number of shares	Nominal value	Number of shares	Nominal value	Share premium	Revaluation and other reserves (Note 15)	Retained earnings	Total	Non-controlling interests	Total equity
Group	**Note**	**'000**	**RM'000**	**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2014 – restated		**1,364,798**	**682,399**	**(6,436)**	**(17,439)**	**112,641**	**77,732**	**3,313,537**	**4,168,870**	**78,106**	**4,246,976**
Total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**-**	**2,704**	**218,111**	**220,815**	**111,069**	**331,884**
Transactions with equity holders:											
Dividends on ordinary shares	11	**-**	**-**	**-**	**-**	**-**	**-**	**(33,699)**	**(33,699)**	**-**	**(33,699)**
Dividends paid to non-controlling interests of subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(132,162)**	**(132,162)**
Share buy back	14	**-**	**-**	**(23,464)**	**(63,649)**	**-**	**-**	**-**	**(63,649)**	**-**	**(63,649)**
Changes in ownership interests in subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	**-**	**13,067**	**13,067**	**28,178**	**41,245**
Total transactions with equity holders		**-**	**-**	**(23,464)**	**(63,649)**	**-**	**-**	**(20,632)**	**(84,281)**	**(103,984)**	**(188,265)**
At 31 December 2014		**1,364,798**	**682,399**	**(29,900)**	**(81,088)**	**112,641**	**80,436**	**3,511,016**	**4,305,404**	**85,191**	**4,390,595**

Consolidated Statement of **Changes in Equity**

for the financial year ended 31 December 2013

Group	Note	Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares							
		Number of shares	Nominal value	Number of shares	Nominal value	Share premium	Revaluation and other reserves (Note 15)	Retained earnings	Total	Non-controlling interests	Total equity
		'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013 – as previously reported		1,490,296	745,148	(71,831)	(157,015)	404,112	515,929	2,632,468	4,140,642	599,801	4,740,443
- effects of transitioning to MFRS	42	-	-	-	-	-	(332,910)	332,910	-	-	-
- effects of early adoption of MFRS 15	42	-	-	-	-	-	-	2,206	2,206	1,015	3,221
At 1 January 2013 – as restated		1,490,296	745,148	(71,831)	(157,015)	404,112	183,019	2,967,584	4,142,848	600,816	4,743,664
Total comprehensive income for the financial year – as previously reported		-	-	-	-	-	70,249	395,642	465,891	97,260	563,151
- effects of transitioning to MFRS	42	-	-	-	-	-	(238,285)	(5,223)	(243,508)	-	(243,508)
- effects of early adoption of MFRS 15	42	-	-	-	-	-	-	(5,159)	(5,159)	(231)	(5,390)
Total comprehensive income for the financial year – as restated		-	-	-	-	-	(168,036)	385,260	217,224	97,029	314,253
Transactions with equity holders:											
Dividends on ordinary shares	11	-	-	-	-	-	-	(130,408)	(130,408)	-	(130,408)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(121,944)	(121,944)
Share buy back	14	-	-	(60,103)	(151,895)	-	-	-	(151,895)	-	(151,895)
Cancellation of treasury shares	14	(125,498)	(62,749)	125,498	291,471	(291,471)	62,749	-	-	-	-
Capital reduction and repayment in a subsidiary		-	-	-	-	-	-	-	-	(505,757)	(505,757)
Changes in ownership interests in subsidiaries that do not result in a loss of control		-	-	-	-	-	-	91,101	91,101	7,962	99,063
Total transactions with equity holders		(125,498)	(62,749)	65,395	139,576	(291,471)	62,749	(39,307)	(191,202)	(619,739)	(810,941)
At 31 December 2013 – as restated		1,364,798	682,399	(6,436)	(17,439)	112,641	77,732	3,313,537	4,168,870	78,106	4,246,976

Company Statements of **Changes in Equity**

for the financial year ended 31 December 2014

		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares					
Company	**Note**	**Number of shares '000**	**Nominal value RM'000**	**Number of shares '000**	**Nominal value RM'000**	**Share premium RM'000**	**Capital redemption reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2014 – restated		**1,364,798**	**682,399**	**(6,436)**	**(17,439)**	**112,641**	**62,749**	**4,118,301**	**4,958,651**
Total comprehensive income for the financial year		-	-	-	-	-	-	**233,392**	**233,392**
Transactions with equity holders:									
Dividends on ordinary shares	11	-	-	-	-	-	-	**(33,699)**	**(33,699)**
Share buy back	14	-	-	**(23,464)**	**(63,649)**	-	-	-	**(63,649)**
Total transactions with equity holders		-	-	**(23,464)**	**(63,649)**	-	-	**(33,699)**	**(97,348)**
At 31 December 2014		**1,364,798**	**682,399**	**(29,900)**	**(81,088)**	**112,641**	**62,749**	**4,317,994**	**5,094,695**
At 1 January 2013		1,490,296	745,148	(71,831)	(157,015)	404,112	-	4,156,200	5,148,445
Total comprehensive income for the financial year									
- as previously reported		-	-	-	-	-	-	93,386	93,386
- effects of early adoption of MFRS 15	42	-	-	-	-	-	-	(877)	(877)
- as restated		-	-	-	-	-	-	92,509	92,509
Transactions with equity holders:									
Dividends on ordinary shares	11	-	-	-	-	-	-	(130,408)	(130,408)
Share buy back	14	-	-	(60,103)	(151,895)	-	-	-	(151,895)
Cancellation of treasury shares	14	(125,498)	(62,749)	125,498	291,471	(291,471)	62,749	-	-
Total transactions with equity holders		(125,498)	(62,749)	65,395	139,576	(291,471)	62,749	(130,408)	(282,303)
At 31 December 2013 - as restated		1,364,798	682,399	(6,436)	(17,439)	112,641	62,749	4,118,301	4,958,651

Statements of **Cash Flows**

for the financial year ended 31 December 2014

	Note	Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Operating activities					
Cash receipts from customers		**1,241,733**	1,091,177	**48,233**	22,115
Cash paid to contractors, suppliers and employees		**(658,320)**	(649,724)	**(173,884)**	(65,496)
Cash flows from/(used in) operations		**583,413**	441,453	**(125,651)**	(43,381)
Interest paid		**(78,880)**	(70,861)	**(14,044)**	(11,824)
Income taxes paid		**(92,294)**	(79,744)	**(32,018)**	(15,000)
Income tax refunded		**52,357**	-	**683**	-
Net cash generated from/(used in) operating activities		**464,596**	290,848	**(171,030)**	(70,205)
Investing activities					
Acquisition of subsidiaries	37A	**-**	(33,200)	**-**	(200)
Proceeds from redemption of preference shares in subsidiaries		**-**	-	**40,778**	8,800
Interest received		**38,224**	43,559	**33,175**	47,079
Additions in property, plant and equipment		**(280,848)**	(104,410)	**(317)**	(1,222)
Additions in investment properties		**(201,180)**	(329,013)	**-**	-
Additions in land held for property development		**(715)**	(812)	**-**	-
Proceeds from sale of property, plant and equipment		**500**	22	**-**	22
Acquisition of joint ventures		**(67,494)**	-	**-**	-
Proceeds from disposal of an associate		**3,900**	-	**2,500**	-
Purchase of unit trust		**(11,538)**	-	**-**	-
Capital repayment of a subsidiary		**-**	-	**-**	880,043
Subscription of additional shares in subsidiaries		**-**	-	**(3,460)**	(14,270)
Dividends received from subsidiaries		**-**	-	**223,477**	107,493
Dividends received from associates		**2,450**	4,186	**-**	323
Advances to subsidiaries		**-**	-	**(435,943)**	(517,662)
Repayments of advances from subsidiaries		**-**	-	**488,333**	56,342
Repayments of advances from associates		**1,930**	-	**-**	-
Repayments of advances to associates		**-**	(664)	**-**	-
Advances to associates and joint ventures		**(315,475)**	(17,628)	**(18)**	(37)
Deposits pledged with licensed banks		**(385,419)**	-	**(385,419)**	-
Net cash (used in)/generated from investing activities		**(1,215,665)**	(437,960)	**(36,894)**	566,711

Statements of **Cash Flows**

for the financial year ended 31 December 2014
(continued)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Financing activities					
Repayments of borrowings		**(40,000)**	(132,500)	**-**	-
Proceeds from borrowings		**630,475**	-	**-**	-
Purchase of treasury shares		**(66,042)**	(153,251)	**(63,649)**	(153,251)
Cash arising from dilution of equity in a subsidiary	37B	**41,244**	98,940	**-**	-
Advances from subsidiaries		**-**	-	**36,750**	135,623
Repayment from subsidiaries		**-**	-	**(24,322)**	(168,860)
Dividends paid		**(33,699)**	(130,408)	**(33,699)**	(130,408)
Dividends paid to non-controlling interests of subsidiaries		**(127,276)**	(88,222)	**-**	-
Capital repayment to non-controlling interests of a subsidiary		**-**	(505,757)	**-**	-
Deposits held with trustee		**(661)**	(995)		
Net cash generated from/(used in) financing activities		**404,041**	(912,193)	**(87,313)**	(316,896)
Net (decrease)/increase in cash and cash equivalents during the financial year		**(347,028)**	(1,059,305)	**(295,237)**	179,610
Cash and cash equivalents at 1 January		**948,117**	2,001,190	**443,887**	258,758
Foreign currencies exchange differences on opening balances		**(7,517)**	6,232	**6,702**	5,519
Cash and cash equivalents at 31 December	41	**593,572**	948,117	**155,352**	443,887

Non-cash transactions

The principal non-cash transaction of the Group in financial year 2014 is:

1) The capitalisation of amounts due from an associate of RM30,092,000 as a net investment in an associate.

The principal non-cash transactions of the Company in financial year 2014 are:

1) The capitalisation of payments on behalf of subsidiaries amounting to RM200,915,000 as investments in subsidiaries.
2) The redemption of preference shares in subsidiaries amounting to RM32,664,000 against amounts due to subsidiaries.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014

1. General information

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

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

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards'. Subject to certain transition elections disclosed in Note 42.1 and Note 42.2, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2013 (transition date) and throughout all years presented, as if these policies had always been in effect. Comparative figures for 2013 in these financial statements have been restated to give effect to these changes. Subsequent to the transition in the financial reporting framework to MFRS on 1 January 2013, the restated comparative information has not been audited under MFRS. However, the comparative statement of financial position as at 31 December 2013, comparative income statement, statement of comprehensive income, changes in equity and cash flows for the financial year then ended have been audited under the previous financial reporting framework, Financial Reporting Standards in Malaysia. Note 42 discloses the impact of the transition to MFRS on the Group's and on the Company's reported financial position, financial performance and cash flows.

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

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

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

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group's and the Company's financial year beginning on or after 1 January 2014 are as follows:

- Amendments to MFRS 132 'Offsetting Financial Assets and Financial Liabilities'
- Amendments to MFRS 136 'Recoverable Amount Disclosures for Non-Financial Assets'
- Amendments to MFRS 10, MFRS 12 and MFRS 127 'Investment Entities'

The new accounting standards, amendments to published standards and interpretations on the financial statements of the Group and of the Company do not result in a significant change to the accounting policies and do not have a material impact on the financial statements of the Group and of the Company.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

The new accounting standards, amendments and improvements to published standards and interpretations that are early adopted by the Group and the Company are as follows:

- MFRS 15 'Revenue from Contracts with Customers'

The effects of the early adoption of MFRS 15 is as set out in Note 42.

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

The new standards, amendments and improvements to published standards and interpretations that are mandatory for the Group's and the Company's financial year beginning on or after 1 January 2014 or later periods, and the Group and the Company has not early adopted, are as follows:

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

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

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

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

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

- Amendments to MFRS 116 'Property, Plant and Equipment' and MFRS 141 'Agriculture' regarding bearer plants (effective from 1 January 2016) introduce a new category of biological assets i.e. the bearer plants. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agricultural produce (except for incidental scrap sales). Bearer plants are accounted for under MFRS 116 as an item of property, plant and equipment. Agricultural produce growing on bearer plants continue to be measured at fair value less costs to sell under MFRS 141, with fair value changes recognised in profit or loss as the produce grows.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

The new standards, amendments and improvements to published standards and interpretations that are mandatory for the Group's and the Company's financial year beginning on or after 1 January 2014 or later periods, and the Group and the Company has not early adopted, are as follows: (continued)

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

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

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

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

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

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

2.2 Consolidation

(a) Subsidiaries

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

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

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

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

***(a) Subsidiaries* (continued)**

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

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

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

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant shares acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint venture

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

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

The amounts due from joint ventures of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investment in the joint ventures.

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

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(d) Associates

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

Investments in associates are accounted for using equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition (see Note 2.5), net of any accumulated impairment loss.

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

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

The Group's share of its associates' post-acquisition profit or loss is recognised in the income statements, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. 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 does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognise the amount adjacent to 'share of results of associates' in the income statements.

(e) Investment in subsidiaries, joint ventures and associates

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

2.3 Property, plant and equipment

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

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

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

	%
• Leasehold land	1
• Buildings, including hotel properties	1-2
• Plant and machinery	10-20
• Motor vehicles	20
• Office furniture, fittings and equipment	10-33 1/3

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

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

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

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

2.4 Investment properties

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

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

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

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

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.5 Goodwill

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

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

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

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

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

2.6 Impairment of non-financial assets

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

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

2.7 Leases

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

(a) Operating lease

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

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

(b) Finance lease

The Group leases certain property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.7 Leases (continued)

***(b) Finance lease* (continued)**

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

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

2.8 Inventories

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

(a) Unsold properties

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

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

(b) Hotel operating supplies

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

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

(c) Land held for property development

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

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

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

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

(d) Property development costs

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014

(continued)

2. Summary of significant accounting policies (continued)

2.9 Construction contracts

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

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

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

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

2.10 Trade and other receivables

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

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

2.11 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term and highly liquid investments with original maturity of three months or less, and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.12 Share capital

(a) Classifications

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

(b) Share issue costs

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

(c) Dividends to shareholders of the Company

Interim dividends on ordinary shares are recognised as liabilities when declared before the reporting date. Proposed final dividends are accrued as liabilities only after approval by shareholders.

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.12 Share capital (continued)

(d) Purchase of own shares

Where the Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the equity holders as treasury shares until they are cancelled, reissued or disposed. Where such shares are subsequently cancelled, reissued or disposed, their nominal amount will be eliminated, and the differences between their cost and their nominal amount will be taken to reserves, as appropriate.

2.13 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.14 Borrowings and borrowing costs

(a) Classification

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

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

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

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

Options to extend borrowing facilities are accounted for as loan commitments.

(b) Capitalisation of borrowing costs

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

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

2.15 Current and deferred income tax

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.15 Current and deferred income tax (continued)

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, and real property gains taxes payable on disposal of properties.

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 is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

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

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

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

2.16 Employee benefits

(a) Short-term employee benefits

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

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

(b) Defined contribution plans

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

The Group's contributions to defined contribution plans are charged to the income 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.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.16 Employee benefits (continued)

(c) Termination benefits

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

2.17 Contingent liabilities and contingent assets

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

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

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 "Revenue".

2.18 Revenue recognition

(a) Revenue from contracts with customers

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

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

Recognition and measurement

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

- the customer can either benefit from the good or service on its own or together with other readily available resources; and

- the good or service is separately identifiable from other promises in the contract (e.g. the good or service is not integrated with, or significantly modify, or highly interrelated with, other goods or services promised in the contract).

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

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

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

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

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

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

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

(i) Hotel room rental and food and beverages revenue

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

(ii) Revenue from property development and construction contract

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

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

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

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

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

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

(iii) Sales of services

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

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

(iv) Utilities revenue

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

(b) Lease income on operating leases

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

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

(c) Interest income

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

(d) Dividend income

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

2.19 Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

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

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

2. Summary of significant accounting policies (continued)

2.19 Foreign currencies (continued)

(b) Transactions and balances **(continued)**

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each income statement or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of other comprehensive income.

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

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

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

2.20 Financial instruments

(a) Financial assets

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

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

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

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

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period whereby these are classified as non-current assets. The Group's loans and receivables comprise 'cash and bank balances', 'receivables and contract assets', 'amounts owing by subsidiaries', 'amounts owing by associates and joint ventures' and 'cash held under Housing Development Accounts' in the statement of financial position (Notes 25, 27, 28, 29 and 30).

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

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

(iii) Available-for-sale financial assets

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

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

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

(b) Financial liabilities

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

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

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

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

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

(i) Other financial liabilities

Other financial liabilities of the Group comprise 'amounts owing to subsidiaries', 'amounts owing to associates', 'payables and contract liabilities' and 'borrowings' in the statement of financial position (Notes 28, 29, 31 and 32).

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

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

(ii) Financial guarantee contracts

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

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

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

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

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

(c) Impairment of financial assets

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

Assets carried at amortised cost

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

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

Assets carried at amortised cost (continued)

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

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

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

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

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

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

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

Assets classified as available-for-sale

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

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

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

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

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

(e) Fair value estimation for disclosure purposes

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

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

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

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

(f) Offsetting financial instruments

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

2.21 Segment reporting

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

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

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

2.22 Compound financial instruments

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

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

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

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

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

3. Financial risk management objectives and policies

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

(a) Market risk

(i) Foreign currency exchange risk

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

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

As at 31 December 2014, the Group's and the Company's Ringgit Malaysia ("RM") functional currency had GBP, USD and AUD denominated net monetary assets/(liabilities) are as tabled below together with the effects to the Group and the Company profit before tax, had the GBP, USD and AUD strengthened by 2% (31.12.2013: 2%, 1.1.2013: 2%) against RM, the profit before tax would (decrease)/increase as follows.:

	Group			Company		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net monetary (liabilities)/ assets denominated in						
- GBP	**(287,811)**	22,066	20,195	**-**	-	-
- USD	**5,260**	4,959	70,254	**5,260**	4,951	70,247
- AUD	**36,560**	130,797	59,452	**108,759**	121,445	66,917
Effects to profit before tax if the currency had strengthened						
- GBP	**(5,756)**	441	404	**-**	-	-
- USD	**105**	99	1,405	**105**	99	1,405
- AUD	**731**	2,616	1,189	**2,175**	2,459	1,338
Net exposure	**(4,920)**	3,156	2,998	**2,280**	2,558	2,743

A 2% (31.12.2013: 2%, 1.1.2013: 2%) weakening of RM against the above currencies at the end of the reporting period would have an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

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

3. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(ii) Cash flow interest rate risk

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

The information on maturity dates and effective interest rates of these borrowings is disclosed in Note 32.

The Group's interest rate exposure is co-related with changes in cost of funds ("COF") of the lenders. The impact on the Group's profit after tax arising from changes in COF of the lenders by 25 (2013:25) basis points arising from the Group's floating rate term loan and revolving credits with all other variables being held constant, would be as follows:

	Company	
	31.12.2014	**01.01.2013**
	RM'000	**RM'000**
Impact to profit after tax due to interest rate:		
- increase by 25 (2013:25) basis points	**1,375**	200
- decrease by 25 (2013:25) basis points	**(1,375)**	(200)

(b) Credit risk

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

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

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

<u>Credit risk arising from property development</u>

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

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

<u>Credit risk arising from property investment – office towers and malls</u>

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

<u>Credit risk arising from amounts due from joint ventures</u>

Credit risk with respect to amounts due from joint ventures are assessed to be low due to the nature of their property development activities as the legal title to the properties is transferred only when the consideration is fully received.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

3. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

Credit risk arising from deposits with licensed banks

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

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

	Company		
	31.12.2014	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**
Corporate guarantees provided to banks on subsidiaries' facilities	**125,000**	40,000	132,500

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

(c) Liquidity and cash flow risk

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

At 31 December 2014, the Group held cash and cash equivalents of RM593,572,000 (2013: RM948,117,000) that are expected to readily generate cash inflows for managing liquidity risk.

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

Group	**Note**	**Less than 1 year RM'000**	**Between 1 year and 2 years RM'000**	**Between 2 years and 3 years RM'000**	**Over 3 years RM'000**	**Total RM'000**
At 31.12.2014						
Borrowings	32	**677,997**	**160,806**	**1,330,459**	**266,729**	**2,435,991**
Payables and contract liabilities	31	**493,559**	**31,558**	**22,549**	**5,681**	**553,347**
Amount owing to associates	29	**2,697**	**-**	**-**	**-**	**2,697**
At 31.12.2013						
Borrowings	32	228,765	64,500	112,794	1,395,234	1,801,293
Payables and contract liabilities	31	470,712	42,150	18,798	4,744	536,404
Amount owing to associates	29	4,107	-	-	-	4,107
At 01.01.2013						
Borrowings	32	334,904	110,465	69,660	1,514,312	2,029,341
Payables and contract liabilities	31	357,975	33,129	22,049	-	413,153
Amount owing to associates	29	22,487	-	-	-	22,487

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

3. Financial risk management objectives and policies (continued)

(c) Liquidity and cash flow risk (continued)

Company	Note	Less than 1 year RM'000	Between 1 year and 2 years RM'000	Between 2 years and 3 years RM'000	Over 3 years RM'000	Total RM'000
At 31.12.2014						
Borrowings	32	**12,918**	**59,994**	**57,069**	**102,438**	**232,419**
Payables and contract liabilities	31	**13,944**	**-**	**-**	**-**	**13,944**
Amount owing to subsidiaries	28	**51,100**	**-**	**-**	**-**	**51,100**
Financial guarantee liabilities	3(b)	**125,000**	**-**	**-**	**-**	**125,000**
At 31.12.2013						
Borrowings	32	12,982	11,700	59,994	159,506	244,182
Payables and contract liabilities	31	20,067	-	-	794	20,861
Amount owing to subsidiaries	28	47,233	-	-	-	47,233
Financial guarantee liabilities	3(b)	40,000	-	-	-	40,000
At 01.01.2013						
Borrowings	32	12,979	11,700	11,700	219,500	255,879
Payables and contract liabilities	31	10,120	-	-	-	10,120
Amount owing to subsidiaries	28	49,355	-	-	-	49,355
Financial guarantee liabilities	3(b)	132,500	-	-	-	132,500

(d) Capital risk management

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

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

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

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

The gearing ratios were as follows:

	Group		
	31.12.2014 RM'000	**31.12.2013 RM'000**	**01.01.2013 RM'000**
Total borrowings (Note 32)	**2,146,555**	1,558,369	1,696,694
Less: cash and cash equivalents (Note 41)	**(1,102,088)**	(1,070,553)	(2,122,631)
Net debt/(cash)	**1,044,467**	487,816	(425,937)
Total equity	**4,390,595**	4,246,976	4,743,664
Total capital	**5,435,062**	4,734,792	4,317,727
Gearing ratio	**24%**	11%	(9%)

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

3. Financial risk management objectives and policies (continued)

(e) Fair values

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

Fair value estimation

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

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

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

		Group	
	31.12.2014	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**
Level 1			
Financial assets at fair value through profit or loss	**11,932**	394	504

		Company	
	31.12.2014	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**
Level 1			
Financial assets at fair value through profit or loss	**343**	394	389

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

The Group and the Company do not hold any financial assets or liabilities that are fair valued at Level 2 and at Level 3.

4. Critical accounting estimates and judgements

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

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

(a) Impairment of assets

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

4. Critical accounting estimates and judgements (continued)

(b) Recognition of property development profits

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

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

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

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

(c) Taxation

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

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

5. Revenue

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000 (Restated)**
Lease income:				
- retail malls	**324,934**	306,005	**-**	-
- office buildings	**137,095**	129,750	**-**	-
- rent and rent related	**105,322**	97,952	**2,575**	2,742
Contract with customers:				
- hotel room revenue	**261,131**	269,870	**-**	-
- sale of food and beverages	**88,698**	93,051	**-**	-
- property development revenue				
- sale of properties	**175,454**	132,981	**25,178**	18,566
- property management fees and others	**2,554**	4,800	**-**	-
- construction contract revenue	**7,427**	7,187	**-**	-
- utilities	**60,620**	38,424	**-**	-
- rendering of services	**10,580**	7,300	**-**	-
Investment income	**-**	-	**245,277**	79,438
	1,173,815	1,087,320	**273,030**	100,746

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6. Profit from operations

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Profit from operations is stated after charging:				
Auditors' remuneration:				
- current financial year	**850**	760	**132**	132
- under provision in prior financial year	**81**	96	**18**	-
- other fees	**6**	6	**-**	-
Property development costs	**117,250**	98,203	**17,400**	13,074
Construction contract costs	**3,242**	7,132	**-**	-
Depreciation:				
- property, plant and equipment (Note 17)	**70,023**	74,724	**1,401**	1,300
- investment properties (Note 18)	**50,950**	50,729	**-**	-
- long-term prepaid lease (Note 20)	**241**	234	**-**	-
Hire of plant and equipment	**633**	689	**-**	-
Operating lease rental	**1,220**	1,166	**-**	-
Rental of buildings	**11,499**	10,584	**4,002**	3,596
Staff costs (includes Directors' remuneration as disclosed in Note 7 but excludes defined contribution plan)	**130,633**	125,220	**26,310**	24,375
Defined contribution plan	**14,378**	13,606	**3,020**	2,707
Foreign exchange loss – unrealised	**10**	3,272	**-**	3,272
Foreign exchange loss – realised	**1,204**	1,515	**-**	-
Write-off of property, plant and equipment	**45,298**	13,471	**-**	-
Loss on disposal of property, plant and equipment	**275**	162	**-**	-
Provision for impairment:				
- trade and other receivables (Note 27A)	**1,441**	5,086	**-**	-
- amounts owing by associates and joint ventures	**-**	295	**-**	-
- property, plant and equipment (Note 17)	**10,905**	-	**-**	-
Quit rent and assessment	**27,886**	24,055	**10**	11
Utilities	**116,639**	93,868	**359**	323
and crediting:				
Foreign exchange gain - realised	**2,969**	5,804	**-**	-
Foreign exchange gain - unrealised	**361**	1,976	**241**	-
Rental income on investment properties	**403**	517	**-**	-
Reversal of impairment loss:				
- trade and other receivables (Note 27A)	**897**	654	**-**	-
- amounts owing by subsidiaries	**-**	-	**979**	-
- property, plant and equipment (Note 17)	**7,425**	-	**-**	-
- land held for property development (Note 19(a))	**21,036**	-	**-**	-
Write-off of impairment of amounts owing by associates and joint ventures	**3,477**	-	**3,477**	-
Gain on redemption of redeemable preference shares	**-**	-	**28,242**	-
Gain on disposal of property, plant and equipment	**30**	22	**-**	22
Advertisement and promotional income	**2,669**	3,879	**-**	-
Exhibition business	**1,829**	1,666	**-**	-
Leasing of storage	**2,045**	1,868	**-**	-
Recovery of liquidated and ascertain damages from a contractor	**-**	1,020	**-**	1,020
Gain on voluntary liquidation of subsidiary	**-**	-	**-**	28,357

Notes to the **Financial Statements**

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(continued)

7. Directors' remuneration

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fees:				
- directors of the Company	**320**	320	**320**	320
- directors of subsidiaries	**330**	261	**-**	-
Other emoluments:				
- directors of the Company	**7,992**	6,450	**7,992**	6,450
- directors of subsidiaries	**8,416**	7,459	**-**	-
Defined contribution plan	**1,941**	1,612	**932**	748
Benefits-in-kind	**163**	219	**115**	104
	19,162	16,321	**9,359**	7,622

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

8. Finance income and costs

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expenses on:				
Term loans and revolving credits	**73,479**	73,672	**11,775**	11,783
Amounts owing to subsidiaries	**-**	-	**2,204**	44
Other financing costs	**257**	312	**-**	-
Total finance costs	**73,736**	73,984	**13,979**	11,827
Interest incomes on:				
Deposits with licensed banks	**35,406**	40,702	**22,340**	25,661
Late payment from tenants	**631**	1,030	**-**	-
Advances to subsidiaries	**-**	-	**13,664**	22,705
Others	**2,140**	3,625	**6**	3
Total finance income	**38,177**	45,357	**36,010**	48,369
Net finance costs/(income)	**35,559**	28,627	**(22,031)**	(36,542)

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

9. Tax expense

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000 (Restated)
Current tax:					
Malaysian tax		**91,479**	84,254	**33,395**	18,476
Foreign tax		**5,547**	4,502	**-**	-
		97,026	88,756	**33,395**	18,476
Deferred tax	23	**(3,896)**	9,617	**67**	170
		93,130	98,373	**33,462**	18,646
Current tax:					
Current financial year		**97,029**	92,052	**31,770**	18,476
(Over)/Under accrual in prior financial year		**(3)**	(3,296)	**1,625**	-
		97,026	88,756	**33,395**	18,476
Deferred tax:					
Origination and reversal of temporary differences	23	**(3,896)**	9,617	**67**	170
		93,130	98,373	**33,462**	18,646

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

	Group 2014 %	Group 2013 % (Restated)	Company 2014 %	Company 2013 % (Restated)
Malaysian income tax rate	**25**	25	**25**	25
Tax effects of:				
Share of results of associates	**(1)**	(1)	**-**	-
Expenses not deductible for tax purposes	**8**	7	**-** *	2
Current year tax losses and deductible temporary difference not recognised	**3**	- *	**-**	-
Income not subject to tax	**(11)**	(5)	**(13)**	(10)
(Over)/under accrual in prior financial years	**-** *	(1)	**1**	-
Average effective tax rate	**24**	25	**13**	17

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

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

10. Earnings per ordinary share

Basic earnings per ordinary share

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

	Group	
	2014	**2013 (Restated)**
Profit attributable to the equity holders of the Company (RM'000)	**218,111**	202,242
Weighted average number of ordinary shares in issue ('000)	**1,339,274**	1,393,432
Basic earnings per share (sen)	**16.29**	14.51

11. Dividends

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

	Group and Company			
	2014		**2013**	
	Gross dividend per share	**Amount of dividend**	**Gross dividend per share**	**Amount of dividend, net of tax**
	Sen	**RM'000**	**Sen**	**RM'000**
Ordinary shares:				
Paid interim single-tier dividend of 5.0% for financial year ended 31 December 2013	**2.5**	**33,699**	-	-
Paid interim dividend of 10.0% less tax at 25% for financial year ended 31 December 2013	**-**	**-**	5.0	51,121
Paid interim dividend of 15.0% less tax at 25% for financial year ended 31 December 2012	**-**	**-**	7.5	79,287
Dividend per share recognised as distribution to ordinary equity holders	**2.5**	**33,699**	12.5	130,408

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

The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2014.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

12. Share capital

	Group and Company	
	2014	**2013**
	RM'000	**RM'000**
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January/31 December	**1,000,000**	1,000,000
Issued and fully paid		
At 1 January	**682,399**	745,148
Cancellation of treasury shares	**-**	(62,749)
At 31 December	**682,399**	682,399
1% Irredeemable Convertible Preference Shares of RM1.00 each:		
Authorised		
At 1 January/31 December	**200,000**	200,000

13. Share premium

	Group and Company	
	2014	**2013**
	RM'000	**RM'000**
Relating to ordinary shares:		
At 1 January	**112,641**	404,112
Cancellation of treasury shares	**-**	(291,471)
At 31 December	**112,641**	112,641

14. Treasury shares

Shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 28 May 2014, approved the Company's plan to repurchase its own shares (up to a maximum of 10% of the issued and paid up capital of the Company). The Directors of the Company are committed to enhance 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.

14. Treasury shares (continued)

During the financial year, the Company repurchased 23,463,500 of its own shares. The average price paid for the shares repurchased was RM2.71 per share. As at 31 December 2014, a total of 29,899,600 (31.12.2013: 6,436,100, 01.01.2013: 71,830,767) ordinary shares of RM0.50 each were held as treasury shares

	Number of shares	Total cost RM	Purchase price per share RM		Average cost per share RM
2014			**Lowest**	**Highest**	
At 1 January	**6,436,100**	**17,438,800**			**2.71**
Repurchased in 2014:					
January	**9,119,800**	**24,813,708**	**2.67**	**2.72**	**2.72**
February	**1,208,200**	**3,186,873**	**2.57**	**2.65**	**2.64**
March	**4,022,300**	**10,792,501**	**2.56**	**2.70**	**2.68**
April	**5,462,500**	**14,853,456**	**2.69**	**2.75**	**2.72**
May	**3,640,700**	**9,974,928**	**2.71**	**2.75**	**2.74**
June	**10,000**	**27,399**	**2.72**	**2.72**	**2.74**
Total repurchased in 2014	**23,463,500**	**63,648,865**			**2.71**
At 31 December	**29,899,600**	**81,087,665**			**2.71**
2013					
At 1 January	71,830,767	157,014,548			2.19
Repurchased in 2013:					
January	2,520,700	5,921,792	2.31	2.40	2.35
February	5,147,100	11,809,728	2.25	2.34	2.29
March	3,743,900	8,407,732	2.19	2.34	2.25
April	2,490,800	5,833,286	2.24	2.39	2.34
May	1,740,000	4,090,255	2.32	2.37	2.35
June	5,534,700	13,409,206	2.36	2.59	2.42
July	2,524,500	6,370,029	2.44	2.55	2.52
August	7,089,900	18,090,933	2.41	2.63	2.55
September	9,721,900	25,286,142	2.50	2.62	2.60
October	7,005,000	18,639,411	2.59	2.68	2.66
November	6,533,900	17,646,654	2.66	2.72	2.70
December	6,050,600	16,390,446	2.66	2.72	2.71
Total repurchased in 2013	60,103,000	151,895,614			2.53
Treasury shares cancelled	(125,497,667)	(291,471,362)			
At 31 December	6,436,100	17,438,800			2.71

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

As at 31 December 2014, the number of outstanding shares in issue after setting off treasury shares against equity was 1,334,898,740 (31.12.2013: 1,358,362,240, 01.01.2013: 1,418,465,240).

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15. Revaluation and other reserves

Group	Note	Surplus on revaluation of properties RM'000	Capital distribution-in-specie of KrisAssets Shares* RM'000	Exchange fluctuation reserve RM'000	Capital redemption reserve RM'000	Total RM'000
2014						
At 1 January – restated		**-**	**-**	**14,983**	**62,749**	**77,732**
Currency translation differences		**-**	**-**	**2,704**	**-**	**2,704**
At 31 December		**-**	**-**	**17,687**	**62,749**	**80,436**
2013						
At 1 January – as previously reported		366,489	183,019	(33,579)	-	515,929
- effects of transitioning to MFRS		(366,489)	-	33,579	-	(332,910)
At 1 January – as restated		-	183,019	-	-	183,019
Surplus on revaluation of property, plant and equipment		321,105	-	-	-	321,105
Deferred tax on revaluation surplus of property, plant and equipment	23	(80,276)	-	-	-	(80,276)
Realisation of revaluation surplus on property, plant and equipment, net of tax		(2,544)	-	-	-	(2,544)
- as previously reported		238,285	-	-	-	238,285
- effects of transitioning to MFRS		(238,285)	-	-	-	(238,285)
- as restated		-	-	-	-	-
Capital distribution-in-specie of KrisAssets shares, on voluntary liquidation		-	(183,019)	-	-	(183,019)
Currency translation differences		-	-	14,983	-	14,983
Capital redemption reserve arising from cancellation of treasury shares		-	-	-	62,749	62,749
At 31 December – as restated		-	-	14,983	62,749	77,732

* *Reserves arising from capital distribution-in-specie of Kris Assets shares arose from the Company's distribution-in-specie of Kris Assets shares on disposal of equity interest in Mid Valley City Sdn. Bhd. to Kris Components Bhd.*

	Company 31.12.2014 RM'000	Company 31.12.2013 RM'000
At 1 January	**62,749**	-
Capital redemption reserve arising from cancellation of treasury shares	**-**	62,749
At 31 December	**62,749**	62,749

16. Retained earnings

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

17. Property, plant and equipment

Group		Freehold land	Leasehold land	Hotel properties (Note 17A)	Buildings	Plant and machinery	Motor vehicles	Office furniture, fittings and equipment	Capital work-in-progress	Total
2014	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost										
At 1 January		61,146	1,558	2,078,015	992	20,335	8,422	37,795	184,911	2,393,174
Additions		-	-	26,482	1,226	92	570	3,222	252,111	283,703
Currency translation differences		-	-	2,085	-	-	35	-	(2,071)	49
Transferred from investment properties	18	4,000	-	-	-	-	-	-	-	4,000
Transferred to inventory:										
- land held for property development	19(a)	(917)	-	-	-	-	-	-	-	(917)
- property development cost	19(b)	(4,621)	-	-	-	-	-	-	-	(4,621)
Reclassification		-	-	17,479	100,383	-	-	4,310	(122,172)	-
Write-offs		-	-	(54,624)	-	-	-	(74)	-	(54,698)
Disposals		-	-	(352)	-	-	(998)	(47)	-	(1,397)
At 31 December		59,608	1,558	2,069,085	102,601	20,427	8,029	45,206	312,779	2,619,293
Accumulated depreciation										
At 1 January		-	269	331,169	381	5,151	6,074	19,444	-	362,488
Charge for the financial year	6	-	16	61,383	1,244	1,180	674	5,526	-	70,023
Currency translation differences		-	-	2,177	-	-	18	-	-	2,195
Write-offs		-	-	(9,332)	-	-	-	(68)	-	(9,400)
Disposals		-	-	(128)	-	-	(790)	(9)	-	(927)
At 31 December		-	285	385,269	1,625	6,331	5,976	24,893	-	424,379
Accumulated impairment losses										
At 1 January		-	-	7,425	-	-	-	-	-	7,425
Addition to impairment	6	-	-	10,905	-	-	-	-	-	10,905
Reversal of provision for impairment	6	-	-	(7,425)	-	-	-	-	-	(7,425)
At 31 December		-	-	10,905	-	-	-	-	-	10,905
Net book value										
At 31 December		59,608	1,273	1,672,911	100,976	14,096	2,053	20,313	312,779	2,184,009

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17. Property, plant and equipment (continued)

Group	Note	Freehold land RM'000	Leasehold land RM'000	Hotel properties (Note 17A) 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
2013 (Restated)										
At cost/valuation										
At 1 January		19,816	1,558	1,915,603	992	11,217	7,472	57,681	88,192	2,102,531
- effects of transitioning to MFRS		-	-	45,876	-	-	-	-	-	45,876
- As restated		19,816	1,558	1,961,479	992	11,217	7,472	57,681	88,192	2,148,407
Additions		-	-	13,375	-	9,118	2,829	2,332	86,535	114,189
Surplus on revaluation		-	-	321,105	-	-	-	-	-	321,105
- effects of transitioning to MFRS		-	-	(321,105)	-	-	-	-	-	(321,105)
- as restated		-	-	-	-	-	-	-	-	-
Currency translation differences		-	-	(5,589)	-	-	18	-	(311)	(5,882)
Transferred from accumulated depreciation on revaluation surplus		-	-	(100,568)	-	-	-	-	-	(100,568)
- effects of transitioning to MFRS		-	-	100,568	-	-	-	-	-	100,568
- as restated		-	-	-	-	-	-	-	-	-
Transferred from investment properties	18	12,533	-	123,378	-	-	-	-	798	136,709
Transferred from inventory – land held for property development	19(a)	28,797	-	-	-	-	-	-	14,367	43,164
Reclassification		-	-	1,388	-	-	-	-	(1,388)	-
Write-offs		-	-	(13,392)	-	-	(121)	(300)	(3,282)	(17,095)
Disposals		-	-	(2,624)	-	-	(1,776)	(21,918)	-	(26,318)
At 31 December		61,146	1,558	2,078,015	992	20,335	8,422	37,795	184,911	2,393,174

17. Property, plant and equipment (continued)

Group	Note	Freehold land RM'000	Leasehold land RM'000	Hotel properties (Note 17A) 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
2013 (Restated)										
Accumulated depreciation										
At 1 January		-	253	217,346	361	4,520	5,992	37,038	-	265,510
- effects of transitioning to MFRS		-	-	45,876	-	-	-	-	-	45,876
- as restated		-	253	263,222	361	4,520	5,992	37,038	-	311,386
Charge for the financial year	6	-	16	67,496	20	631	1,961	4,600	-	74,724
Currency translation differences		-	-	1,976	-	-	18	-	-	1,994
Transferred to cost on revaluation surplus		-	-	(100,568)	-	-	-	-	-	(100,568)
- effects of transitioning to MFRS		-	-	100,568	-	-	-	-	-	100,568
- As restated		-	-	-	-	-	-	-	-	-
Transferred from investment properties	18	-	-	1,715	-	-	-	-	-	1,715
Write-offs		-	-	(3,225)	-	-	(121)	(278)	-	(3,624)
Disposals		-	-	(15)	-	-	(1,776)	(21,916)	-	(23,707)
At 31 December		-	269	331,169	381	5,151	6,074	19,444	-	362,488
Accumulated impairment losses										
At 1 January/31 December		-	-	7,425	-	-	-	-	-	7,425
Net book value										
At 31 December		61,146	1,289	1,739,421	611	15,184	2,348	18,351	184,911	2,023,261
At 1 January - restated		19,816	1,305	1,690,832	631	6,697	1,480	20,643	88,192	1,829,596

The write off and impairment of property, plant and equipment of RM45,298,000 (31.12.2013: RM13,471,000) and RM10,905,000 respectively have been included within administrative expenses.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

17. Property, plant and equipment (continued)

17A. Hotel properties

Group	**Freehold land**	**Hotel buildings**	**Plant and machinery**	**Office furniture, fittings and equipment**	**Total**
2014	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost					
At 1 January	**355,565**	**1,352,507**	**70,186**	**299,757**	**2,078,015**
Additions	**-**	**11,736**	**1,632**	**13,114**	**26,482**
Currency translation differences	**(1,176)**	**(667)**	**3,442**	**486**	**2,085**
Reclassification	**14,212**	**(3,282)**	**-**	**6,549**	**17,479**
Write-offs	**-**	**(41,352)**	**(8,101)**	**(5,171)**	**(54,624)**
Disposals	**-**	**-**	**-**	**(352)**	**(352)**
At 31 December	**368,601**	**1,318,942**	**67,159**	**314,383**	**2,069,085**
Accumulated depreciation					
At 1 January	**-**	**89,601**	**49,315**	**192,253**	**331,169**
Charge for the financial year	**-**	**25,841**	**4,355**	**31,187**	**61,383**
Currency translation differences	**-**	**1,048**	**748**	**381**	**2,177**
Write-offs	**-**	**(1,756)**	**(2,885)**	**(4,691)**	**(9,332)**
Disposals	**-**	**-**	**-**	**(128)**	**(128)**
At 31 December	**-**	**114,734**	**51,533**	**219,002**	**385,269**
Accumulated impairment losses					
At 1 January	**-**	**7,425**	**-**	**-**	**7,425**
Addition to impairment	**-**	**10,905**	**-**	**-**	**10,905**
Reversal of impairment	**-**	**(7,425)**	**-**	**-**	**(7,425)**
At 31 December	**-**	**10,905**	**-**	**-**	**10,905**
Net book value					
At 31 December	**368,601**	**1,193,303**	**15,626**	**95,381**	**1,672,911**

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

17. Property, plant and equipment (continued)

17A. Hotel properties (continued)

Group 2013	**Freehold land** RM'000	**Hotel buildings** RM'000	**Plant and machinery** RM'000	**Office furniture, fittings and equipment** RM'000	**Total** RM'000
At 1 January					
At cost/valuation	303,000	1,303,357	52,978	256,268	1,915,603
- effects of transitioning to MFRS	-	-	13,936	31,940	45,876
At cost - restated	303,000	1,303,357	66,914	288,208	1,961,479
Additions	-	2,797	2,172	8,406	13,375
Surplus on revaluation	-	321,105	-	-	321,105
- effects of transitioning to MFRS	-	(321,105)	-	-	(321,105)
As restated	-	-	-	-	-
Currency translation differences	(4,554)	(2,924)	1,404	485	(5,589)
Transferred from accumulated depreciation on revaluation surplus	-	(14,441)	(15,234)	(70,893)	(100,568)
- effects of transitioning to MFRS	-	14,441	15,234	70,893	100,568
As restated	-	-	-	-	-
Transferred from investment properties	57,119	66,259	-	-	123,378
Reclassification	-	(2,786)	124	4,050	1,388
Write-offs	-	(11,607)	(410)	(1,375)	(13,392)
Disposals	-	(2,589)	(18)	(17)	(2,624)
At 31 December	355,565	1,352,507	70,186	299,757	2,078,015
Accumulated depreciation					
At 1 January	-	60,114	29,389	127,843	217,346
- effects of transitioning to MFRS	-	-	13,936	31,940	45,876
As restated	-	60,114	43,325	159,783	263,222
Charge for the financial year	-	28,660	5,678	33,158	67,496
Currency translation differences	-	863	712	401	1,976
Transferred to cost on revaluation surplus					
- as previously reported	-	(14,441)	(15,234)	(70,893)	(100,568)
- effects of transitioning to MFRS	-	14,441	15,234	70,893	100,568
- As restated	-	-	-	-	-
Transferred from investment properties	-	1,715	-	-	1,715
Write-offs	-	(1,751)	(399)	(1,075)	(3,225)
Disposals	-	-	(1)	(14)	(15)
At 31 December	-	89,601	49,315	192,253	331,169
Accumulated impairment losses					
At 1 January/31 December	-	7,425	-	-	7,425
Net book value					
At 31 December	355,565	1,255,481	20,871	107,504	1,739,421
At 1 January - restated	303,000	1,235,818	23,589	128,425	1,690,832

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

17. Property, plant and equipment (continued)

17A. Hotel properties (continued)

Impairment of property, plant and equipment

The carrying value of hotel properties of a subsidiary company in Kuala Lumpur was tested for impairment during the financial year due to losses incurred. The impairment charge recognised in the financial statements of the Group is RM10,905,000 as the carrying value of the hotel properties exceeds the recoverable amount.

The recoverable amount of the hotel properties of the subsidiary company is determined from the value in use calculation. The value in use calculation applies a discounted cash flow model, based on an approved financial plan package. The financial plan reflects the subsidiary company's expectation of occupancy and average room rate, revenue growth rates, operating costs and margins based on past trends as well as the expectations of market and industry growth.

The key estimates and assumptions used in the value in use calculation are as follows:

Key estimates	Assumptions
Discount rate	8%
Occupancy growth rate	3% per annum, terminal value 0%
Average room rate growth rate	5% per annum, terminal value 0%
Inflation rate	3% per annum

Based on the sensitivity analysis performed, the changes in estimates and the impact to value in use calculation are summarised as below:

Key estimates	Change in estimates	Impact to value-in-use RM'000
Occupancy growth rate	Decrease by 5% per annum	(3,100)
Average room rate growth rate	Decrease by 5% per annum	(3,467)
Discount rate	Increase by 2% per annum	(1,443)

Write-back of impairment of property, plant and equipment

The impairment on the carrying value of property, plant and equipment of a subsidiary company in Yangon, Myanmar was tested for recoverability during the financial year due to improved financial performance. The reversal of impairment recognised in the financial statements within administrative expense of the Group is RM7,425,000 as the recoverable amount exceeds the carrying value of the property, plant and equipment.

The recoverable amount of the property, plant and equipment of the subsidiary company is determined from the value in use calculation. The value in use calculation applies a discounted cash flow model, based on an approved financial plan package. The financial plan reflects the subsidiary company's expectation of occupancy and average room rate, revenue growth rates, operating costs and margins based on past trends as well as the expectations of market and industry growth.

The key estimates and assumptions used in the value in use calculation are as follows:

Key estimates	Assumptions
Discount rate	10%
Occupancy growth rate	0% per annum
Average room rate growth rate	5% per annum
Inflation rate	7% per annum

Based on the sensitivity analysis performed, the changes in estimates and the impact to value in use calculation are summarised as below:

Key estimates	Change in estimates	Impact to value-in-use RM'000
Occupancy growth rate	Decrease by 5%	(10,296)
Average room rate growth rate	Decrease by 5%	(4,908)
Discount rate	Increase by 2% per annum	(6,156)

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

17. Property, plant and equipment (continued)

Company	**Note**	**Plant and machinery**	**Motor vehicles**	**Office furniture, fittings and equipment**	**Total**
2014		**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost					
At 1 January		**5,206**	**1,871**	**9,923**	**17,000**
Additions		**-**	**-**	**317**	**317**
Disposals		**-**	**-**	**(1)**	**(1)**
At 31 December		**5,206**	**1,871**	**10,239**	**17,316**
Accumulated depreciation					
At 1 January		**5,206**	**1,466**	**6,841**	**13,513**
Charge for the financial year	6	**-**	**93**	**1,308**	**1,401**
At 31 December		**5,206**	**1,559**	**8,149**	**14,914**
Net book value					
At 31 December		**-**	**312**	**2,090**	**2,402**
2013					
At cost					
At 1 January		5,206	1,621	9,200	16,027
Additions		-	467	755	1,222
Disposals		-	(217)	(32)	(249)
At 31 December		5,206	1,871	9,923	17,000
Accumulated depreciation					
At 1 January		5,206	1,608	5,648	12,462
Charge for the financial year	6	-	75	1,225	1,300
Disposals		-	(217)	(32)	(249)
At 31 December		5,206	1,466	6,841	13,513
Net book value					
At 31 December		-	405	3,082	3,487
Net book value					
At 1 January		-	13	3,552	3,565

	Group		
	31.12.2014	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**
Net book value of assets pledged as security for borrowings (Note 32):	**695,231**	704,820	716,114
Interest cost capitalised within property, plant and equipment:	**5,596**	-	-

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

18. Investment properties

Group		**Property investment-retail**	**Property investment-commercial**	**Capital work-in-progress**	**Total**
2014	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost					
At 1 January		**1,377,725**	**760,363**	**608,541**	**2,746,629**
Additions		**-**	**1,768**	**199,412**	**201,180**
Transferred to property, plant and equipment	17	**-**	**(4,000)**	**-**	**(4,000)**
Transferred from inventory - property development cost	19(b)	**-**	**970**	**-**	**970**
Reclassification		**-**	**8,590**	**(8,590)**	**-**
Disposal		**-**	**(338)**	**-**	**(338)**
At 31 December		**1,377,725**	**767,353**	**799,363**	**2,944,441**
Accumulated depreciation					
At 1 January		**402,328**	**169,207**	**-**	**571,535**
Charge for the financial year	6	**27,808**	**23,142**	**-**	**50,950**
At 31 December		**430,136**	**192,349**	**-**	**622,485**
Net book value					
At 31 December		**947,589**	**575,004**	**799,363**	**2,321,956**
2013					
At cost					
At 1 January		1,377,725	891,971	217,904	2,487,600
Acquisition of subsidiary		-	-	44,956	44,956
Transferred to property, plant and equipment	17	-	(135,911)	(798)	(136,709)
Additions		-	4,303	346,479	350,782
At 31 December		1,377,725	760,363	608,541	2,746,629
Accumulated depreciation					
At 1 January		374,520	148,001	-	522,521
Charge for the financial year	6	27,808	22,921	-	50,729
Transferred to property, plant and equipment		-	(1,715)	-	(1,715)
At 31 December		402,328	169,207	-	571,535
Net book value					
At 31 December		975,397	591,156	608,541	2,175,094
Net book value					
At 1 January		1,003,205	743,970	217,904	1,965,079

18. Investment properties (continued)

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM223,005,000 (31.12.2013: RM213,234,000, 01.01.2013: RM226,784,000).

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
Depreciation of investment properties (Note 6)	**50,950**	50,729
Quit rent and assessment	**20,993**	16,432
Repairs and maintenance	**27,315**	35,434
Staff costs	**24,705**	29,680
Utilities	**51,679**	45,728

	Fair Value				
	31.12.2014	**31.12.2013**	**01.01.2013**	**Level**	**Valuation Technique**
	RM'000	**RM'000**	**RM'000**		
Retail malls	**4,890,000**	4,805,000	4,700,000	3	Income approach
Commercial properties	**1,674,108**	1,477,608	1,330,434	3	Income approach
Total	**6,564,108**	6,282,608	6,030,434		

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

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

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

The Level 3 inputs (unobservable inputs) include:

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

Investment property with net book value RM403,267,000 (31.12.2013: RM413,241,000; 01.1.2013: RM423,216,000) have been charged as security for borrowings as disclosed in Note 32.

Included in the Group's investment properties incurred during the financial year were interest expense capitalised amounting to RM1,430,000 (31.12.2013: RM4,273,000, 1.1.2013: Nil).

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

19. Inventories

	Note	Group 31.12.2014 RM'000	Group 31.12.2013 RM'000 (Restated)	Group 01.01.2013 RM'000 (Restated)
Non-current				
Land held for property development	19(a)	**267,294**	238,549	248,059
Current				
Property development costs	19(b)	**312,289**	309,627	235,113
Unsold properties	19(c)	**78,106**	80,525	60,481
Hotel operating supplies	19(d)	**1,977**	2,185	1,980
		392,372	392,337	297,574

	Note	Company 31.12.2014 RM'000	Company 31.12.2013 RM'000 (Restated)	Company 01.01.2013 RM'000
Current				
Property development costs	19(b)	**11,157**	13,007	15,067
Unsold properties	19(c)	**36,138**	36,138	36,138
		47,295	49,145	51,205

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

19. Inventories (continued)

(a) Land held for property development

		Group		
	Note	At cost	At net realisable value	Total
2014		RM'000	RM'000	RM'000
At 1 January				
Land cost		68,915	98,636	167,551
Development costs		14,923	56,075	70,998
		83,838	154,711	238,549
Costs incurred during the financial year:				
Development costs		715	-	715
Disposal during the financial year				
Land costs		-	(309)	(309)
Development costs		-	(408)	(408)
Reversal of write down during the financial year:				
Development costs	6	-	21,036	21,036
Transferred from property, plant and equipment:				
Land	17	917	-	917
Transferred from/(to) inventories – property development costs:				
Land	19(b)	7,108	-	7,108
Development costs	19(b)	(314)	-	(314)
		8,426	20,319	28,745
At 31 December		92,264	175,030	267,294
Land cost		76,940	98,327	175,267
Development costs		15,324	76,703	92,027
		92,264	175,030	267,294

The write down on a subsidiary company's inventories - land held for property development in Labu, Negeri Sembilan made in previous financial years was assessed for recoverability due to improved market conditions in Labu. The reversal of write down recognised in the financial statements of the Group is RM21,036,000 as the recoverable amount of the subsidiary company has improved as compared to previous years. The recoverable amount of the development land held is determined by reference to the consideration received on compulsory acquisition of part of the development land by the state authorities.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

19. Inventories (continued)

(a) Land held for property development (continued)

		Group		
	Note	**At cost**	**At net realisable value**	**Total**
		RM'000	**RM'000**	**RM'000**
2013				
At 1 January				
Land cost		68,959	98,636	167,595
Development costs		24,389	56,075	80,464
		93,348	154,711	248,059
Costs incurred during the financial year:				
Development costs		812	-	812
Transferred to property, plant and equipment:				
Land	17	(28,797)	-	(28,797)
Development costs	17	(14,367)	-	(14,367)
Transferred from inventories - property development costs:				
Land	19(b)	28,753	-	28,753
Development costs	19(b)	4,089	-	4,089
		(9,510)	-	(9,510)
At 31 December		83,838	154,711	238,549
Land held for property development is analysed as follows:				
Land cost		68,915	98,636	167,551
Development costs		14,923	56,075	70,998
		83,838	154,711	238,549

19. Inventories (continued)

(b) Property development costs

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Note	**RM'000**	**RM'000 (Restated)**	**RM'000**	**RM'000 (Restated)**
At Cost					
At 1 January					
Land and development costs		**475,678**	346,527	**26,081**	15,067
Accumulated costs charged to income statements		**(166,051)**	(117,396)	**(13,074)**	-
- as previously reported		**309,627**	229,131	**13,007**	15,067
- effects of early adoption of MFRS 15		**-**	5,982	**-**	-
- as restated		**309,627**	235,113	**13,007**	15,067
Less:					
Completed development properties:					
Land and development costs		**-**	(69,532)	**-**	-
Accumulated costs charged to income statements		**-**	69,532	**-**	-
		-	-	**-**	-
Transferred to land held for property development:					
Land and development costs	19(a)	**(6,794)**	(32,842)	**-**	-
Transferred to inventories - unsold properties	19(c)	**-**	(20,033)	**-**	-
Add:					
Costs incurred during the financial year:					
Land and development costs		**123,055**	224,181	**15,550**	11,014
- as previously reported		**123,055**	224,181	**15,550**	11,014
- effects of early adoption of MFRS 15		**-**	1,411	**-**	-
- as restated		**123,055**	225,592	**15,550**	11,014
Transferred from property, plant and equipment:					
Land	17	**4,621**	-	**-**	-
Transferred to investment properties:					
Land	18	**(970)**	-	**-**	-
Costs recognised to income statement in current financial year					
- as previously reported		**(117,250)**	(99,554)	**(17,400)**	(14,400)
- effects of early adoption of MFRS 15		**-**	1,351	**-**	1,326
- as restated		**(117,250)**	(98,203)	**(17,400)**	(13,074)
At 31 December		**312,289**	309,627	**11,157**	13,007

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

19. Inventories (continued)

(b) Property development costs (continued)

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Note	**RM'000**	**RM'000 (Restated)**	**RM'000**	**RM'000 (Restated)**
Property development costs are analysed as follows:					
At cost					
Land and development costs		**595,590**	475,678	**41,631**	26,081
Accumulated costs charged to income statements		**(283,301)**	(166,051)	**(30,474)**	(13,074)
		312,289	309,627	**11,157**	13,007
Land at cost charged as security for borrowings	32(b)	**71,570**	70,263	**-**	-
Interest cost capitalised as property development cost		**2,863**	1,658	**-**	-
Costs to obtain or fulfil contract recognised as an expense in the income statement in current financial year		**6,624**	3,174	**666**	-

(c) Unsold properties

As at 31.12.2014 and 31.12.2013, all unsold properties for the Group and the Company are stated at cost.

(d) Hotel operating supplies

As at 31.12.2014 and 31.12.2013, all hotel operating supplies for the Group are stated at cost.

20. Long-term prepaid lease

		Group	
	Note	**2014**	**2013**
		RM'000	**RM'000**
At cost			
At 1 January		**7,052**	6,613
Foreign exchange difference		**401**	439
At 31 December		**7,453**	7,052
Accumulated amortisation			
At 1 January		**3,355**	2,910
Current year amortisation	6, 33	**241**	234
Foreign exchange difference		**212**	211
At 31 December		**3,808**	3,355
Net book value			
At 31 December		**3,645**	3,697

21. Investments in subsidiaries

	Company		
	31.12.2014	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**
At cost:			
Quoted shares	**2,375,056**	2,375,056	3,233,208
Unquoted shares	**1,960,922**	1,801,747	1,242,847
	4,335,978	4,176,803	4,476,055
Less: Accumulated impairment losses	**(5,969)**	(5,969)	(5,969)
At 31 December	**4,330,009**	4,170,834	4,470,086
Market value of quoted shares	**2,271,039**	2,063,005	3,152,670

Details of subsidiaries are set out in Note 38.

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

As at 31 December 2014, the total non-controlling interests of the Group was RM85,191,000 (31.12.2013: RM78,106,000, 01.01.2013: RM600,816,000), of which RM(105,885,000) (31.12.2013: RM(89,523,000), 01.01.2013: RM538,361) is attributed to IGB REIT, a subsidiary that has material non-controlling interests. The non-controlling interests of the other subsidiaries of RM191,076,000 (31.12.2013: RM167,629,000, 01.01.2013: RM600,277,639) are immaterial.

Set out below are the summarised financial information of IGB REIT which is material to the Group and is based on amounts before intercompany eliminations with the Company.

	IGB REIT	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Proportion of ordinary shares and voting rights held by non-controlling interests (%)	**48.34**	48.69
Summarised statement of comprehensive income:		
Net profit for the financial year	**203,879**	179,322
Total comprehensive income for the financial year	**203,879**	179,322
Total comprehensive income attributable to non-controlling interests	**98,555**	87,312
Dividends paid to non-controlling entities	**127,276**	88,222
Summarised statement of financial position:		
Current assets	**249,683**	242,106
Current liabilities	**(242,346)**	(230,589)
Total net current assets	**7,337**	11,517
Non-current assets	**1,019,373**	1,047,997
Non-current liabilities	**(1,245,753)**	(1,243,378)
Total net non-current liabilities	**(226,380)**	(195,381)
Net liabilities	**(219,043)**	(183,864)
Attributable to		
- owners of the Company	**(113,158)**	(94,341)
- non-controlling interests	**(105,885)**	(89,523)
	(219,043)	(183,864)

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21. Investments in subsidiaries (continued)

Set out below are the summarised financial information of IGB REIT which is material to the Group and is based on amounts before intercompany eliminations with the Company. (continued)

	IGB REIT	
	31.12.2014	**31.12.2013**
	RM'000	**RM'000**
Summarised statement of cash flows:		
Net cash flows from operating activities	**322,580**	307,640
Net cash flows from investing activities	**3,440**	4,601
Net cash flows used in financing activities	**(311,931)**	(233,840)
Net increase in cash and cash equivalents during the financial year	**14,089**	78,401
Cash and cash equivalents at beginning of the financial year	**189,712**	111,311
Cash and cash equivalents at end of the financial year	**203,801**	189,712

22. Investments in associates and joint ventures

	Group			Company		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000 (Restated)**	**RM'000 (Restated)**	**RM'000**	**RM'000**	**RM'000**
(A) Investments in associates						
At cost						
Unquoted shares in Malaysia	**88,710**	92,652	80,352	**11,702**	13,701	13,701
Unquoted shares outside Malaysia	**25,977**	25,977	26,118	**-**	-	-
Amounts owing by associates	**30,092**	-	-	**30,092**	-	-
	144,779	118,629	106,470	**41,794**	13,701	13,701
Group's share of post-acquisition results and reserves	**303,056**	278,518	258,575	**-**	-	-
	447,835	397,147	365,045	**41,794**	13,701	13,701
Less: Accumulated impairment losses	**(7,774)**	(9,424)	(9,424)	**(4,059)**	(4,059)	(4,059)
At 31 December	**440,061**	387,723	355,621	**37,735**	9,642	9,642

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

22. Investments in associates and joint ventures (continued)

	Group
	31.12.2014
	RM'000
(B) Investments in joint ventures	
At cost	
Unquoted shares outside Malaysia	**65,649**
Amounts owing by joint ventures	**310,770**
	376,419
Group's share of post-acquisition results and reserves	**(3,312)**
At 31 December	**373,107**

Set out below are associates and joint ventures of the Group as at 31 December 2014, which, in the opinion of the Directors, are material to the Group. The associates and joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. In the opinion of the Directors, all the other associates are immaterial to the Group.

Name of company	Principal Activities	Place of incorporation	Nature of relationship	Group's effective interest (%) 2014	Group's effective interest (%) 2013
Ravencroft Investments Incorporated	Investment holding	British Virgin Islands	Associate	**49.5**	49.5
Black Pearl Limited	Property investment	Guernsey	Joint Venture	**50.0**	-
Crystal Property Asia Company Ltd.	Property development and construction	Thailand	Joint Venture	**49.0**	-

Details of associates and joint ventures are set out in Notes 39 and 40.

	Associate	Joint venture	
	Ravencroft Investments Incorporated	**Black Pearl Limited**	**Crystal Property Asia Company Ltd.**
	31.12.2014	**31.12.2014**	**31.12.2014**
	RM'000	**RM'000**	**RM'000**
Summarised statement of comprehensive income			
Revenue	**47,230**	**-**	**-**
Administrative expense	**(24,687)**	**(6,526)**	**(117)**
Interest income	**3,261**	**-**	**-**
Other operating income	**-**	**15**	**-**
Interest expense	**(7,363)**	**-**	**-**
Profit/(Loss) before taxation	**18,441**	**(6,511)**	**(117)**
Income tax expense	**(6,059)**	**-**	**-**
Net profit/(loss) for the financial year	**12,382**	**(6,511)**	**(117)**

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(continued)

22. Investments in associates and joint ventures (continued)

	Associate	Joint venture	
	Ravencroft Investments Incorporated	Black Pearl Limited	Crystal Property Asia Company Ltd.
	31.12.2014	31.12.2014	31.12.2014
	RM'000	RM'000	RM'000
Summarised statement of financial position			
Cash and cash equivalents	143,461	264	110
Other current assets (excluding cash and cash equivalents)	184,647	5,436	-
Total current assets	328,108	5,700	110
Financial liabilities (excluding trade and other payables and provision)	(1,141)	-	-
Other current liabilities (including trade and other payables and provision)	(214,302)	(633,696)	-
Total current liabilities	(215,443)	(633,696)	-
Non-current assets	267,939	621,540	133,695
Financial liabilities (excluding trade and other payables and provision)	(88,281)	-	-
Total non-current liabilities	(88,281)	-	-
Net assets/(liabilities)	292,323	(6,456)	133,805

Reconciliation of summarised financial information

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

	Associate	Joint venture	
	Ravencroft Investments Incorporated	Black Pearl Limited	Crystal Property Asia Company Ltd.
	31.12.2014	31.12.2014	31.12.2014
	RM'000	RM'000	RM'000
Net assets as at 1 January	279,941	-	-
Acquisition during the financial year	-	54	133,922
Net profit/(loss) for the financial year	12,382	(6,511)	(117)
Net assets/(liabilities) as at 31 December	292,323	(6,457)	133,805
Interest in joint ventures (%)	49.5 *	50.0	49.0
Share of net assets/(liabilities)	144,612	(3,229)	65,564
Amount owing to joint ventures	-	310,770	-
Carrying amount of interest in associate and joint ventures	144,612	307,541	65,564

* *The Group's effective interest in Ravencroft Investment Inc. is 49.47% (2013: 49.47%)*

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22. Investments in associates and joint ventures (continued)

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

	Group		
	31.12.2014	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000 (Restated)**	**RM'000 (Restated)**
Carrying amounts of interest in associates	**295,449**	387,723	355,621
Share of associate's profit	**18,552**	16,495	10,418
Share of associate's total comprehensive profit	**18,552**	16,495	10,418

23. Deferred taxation

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

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
	RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000 (Restated)**
Subject to income tax				
Deferred tax assets:				
Provisions				
- as previously reported	**103**	1,649	**-**	-
- effects of transitioning to MFRS	**-**	(1,546)	**-**	-
- as restated	**103**	103	**-**	-
Deferred tax assets	**103**	103	**-**	-
Deferred tax liabilities:				
Property, plant and equipment and investment properties				
- as previously reported	**(181,586)**	(266,010)	**-**	-
- effects of transitioning to MFRS	**-**	80,552	**-**	-
- as restated	**(181,586)**	(185,458)	**-**	-
Inventories - property development costs				
- as previously reported	**(4,079)**	(5,064)	**(237)**	-
- effects of early adoption of MFRS 15	**-**	(1,212)	**-**	(170)
- as restated	**(4,079)**	(6,276)	**(237)**	(170)
Inventories - land held for property development	**(2,990)**	(830)	**-**	-
Others	**(130)**	(117)	**-**	-
Deferred tax liabilities	**(188,785)**	(192,681)	**(237)**	(170)
At 31 December	**(188,682)**	(192,578)	**(237)**	(170)

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(continued)

23. Deferred taxation (continued)

		Group		Company	
	Note	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
		RM'000	**RM'000**	**RM'000**	**RM'000**
			(Restated)		**(Restated)**
At 1 January					
- as previously reported		**(192,578)**	(181,833)	**(170)**	-
- effects of transitioning to MFRS		**-**	(1,128)	**-**	-
- as restated		**(192,578)**	(182,961)	**(170)**	-
Credited/(charged) to statement of comprehensive income:					
Property, plant and equipment and investment properties					
- as previously reported		**3,872**	(6,768)	**-**	-
- effects of transitioning to MFRS		**-**	(1,270)	**-**	-
- as restated		**3,872**	(8,038)	**-**	-
Inventories – property development costs					
- as previously reported		**2,197**	(1,719)	**(67)**	-
- effects of early adoption of MFRS 15		**-**	(84)	**-**	(170)
- as restated		**2,197**	(1,803)	**(67)**	(170)
Inventories – land held for property development		**(2,160)**	236	**-**	-
Provisions and others		**(13)**	(12)	**-**	-
Charged/(Credited) to statement of comprehensive income:	9	**3,896**	(9,617)	**(167)**	(170)
Deferred tax on revaluation surplus on property, plant and equipment					
- as previously reported	15	**-**	(80,276)	**-**	-
- effects of transitioning to MFRS		**-**	80,276	**-**	-
- as restated		**-**	-	**-**	-
At 31 December		**(188,682)**	(192,578)	**(237)**	(170)

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 statement of financial position were as follows:

	Group			Company		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deductible temporary differences	**24,745**	257	287	**10,539**	7,690	6,081
Unused tax losses	**72,671**	54,642	50,706	**-**	-	-
	97,416	54,899	50,993	**10,539**	7,690	6,081
Deferred tax assets not recognised at	**24%**	25%	25%	**24%**	25%	25%
	23,380	13,725	12,748	**2,529**	1,923	1,520

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.

24. Goodwill

	Group		
	31.12.2014	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**
At 1 January/31 December	**19,164**	19,164	19,164

Goodwill recognised arose from the acquisition of 50,000,000 ordinary shares of RM1.00 each representing 50% equity interest in Great Union Properties Sdn. Bhd.

25. Cash and bank balances

	Group			Company		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	**923,547**	825,956	1,880,466	**612,044**	522,769	241,451
Cash in hand	**4,740**	3,008	1,927	**10**	8	7
Bank balances	**133,301**	208,605	234,979	**7,298**	6,029	112,255
	1,061,588	1,037,569	2,117,372	**619,352**	528,806	353,713
Less: Restricted cash	**(508,516)**	(122,436)	(121,441)	**(480,419)**	(95,000)	(95,000)
	553,072	915,133	1,995,931	**138,933**	433,806	258,713

The Group's and the Company's deposits with licensed banks amounting to RM480,419,000 (31.12.2013: RM95,000,000, 01.01.2013: RM95,000,000) are pledged as security for revolving credit facilities granted to subsidiary companies (Note 32(b)).

Included in deposits placed with licensed banks is an amount of RM28,097,000 (31.12.2013: RM27,436,000, 01.01.2013: RM26,441,000) which is maintained as a Debt Service Reserve Account with a facility agent to cover a minimum of 6 months interest for a Syndicated Financing Facility granted to IGB REIT (Note 32(a)).

Deposits with licensed banks of the Group and the Company as at 31 December 2014 both have an average maturity period of 59 days (31.12.2013: 34 days, 01.01.2013: 14 days) and 57 days (31.12.2013: 39 days, 01.01.2013: 46 days) respectively.

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

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

	Group			Company		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
	% per annum	**% per annum**	**% per annum**	**% per annum**	**% per annum**	**% per annum**
Deposits with licensed banks:						
Ringgit Malaysia	**3.35**	3.03	2.93	**3.17**	3.02	2.99
Australian Dollar	**2.41**	2.16	2.56	**2.41**	2.16	2.52
United States Dollar	**-**	-	0.01	**-**	-	0.01

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26. Financial assets at fair value through profit or loss

	Group			Company		
	31.12.2014	31.12.2013	01.01.2013	31.12.2014	31.12.2013	01.01.2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Quoted shares/unit trust						
– held for trading in Malaysia	**11,932**	394	504	**343**	394	389

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

27. Receivables and contract assets

	Group			Company		
	31.12.2014	31.12.2013	01.01.2013	31.12.2014	31.12.2013	01.01.2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		(Restated)	(Restated)		(Restated)	
(A) Trade and other receivables						
Trade receivables	**54,124**	83,140	85,907	**12,850**	20	5,234
Less: Provision for impairment	**(4,400)**	(4,685)	(7,145)	**-**	-	-
	49,724	78,455	78,762	**12,850**	20	5,234
Other receivables	**25,464**	22,612	41,997	**10,342**	9,256	3,293
Less: Provision for impairment	**(3,897)**	(3,863)	(2,234)	**(356)**	(356)	(2,234)
	21,567	18,749	39,763	**9,986**	8,900	1,059
Sundry deposits	**18,543**	26,694	30,324	**1,872**	1,745	2,034
Prepayments	**9,934**	32,581	22,781	**111**	88	-
Accrued billing in relation to rental income	**10,015**	8,396	6,042	**-**	-	-
Dividend receivable	**-**	-	-	**-**	-	31,725
	109,783	164,875	177,672	**24,819**	10,753	40,052
(B) Contract assets in relation to:						
- property development	**102,253**	44,601	30,458	**-**	7,725	-
- construction	**10,285**	6,093	5,444	**-**	-	-
	112,538	50,694	35,902	**-**	7,725	-
	222,321	215,569	213,574	**24,819**	18,478	40,052

The carrying amounts of trade and other receivables as at 31 December 2014, 31 December 2013 and 1 January 2013 approximated their fair values.

Credit terms of trade receivables of the Group and the Company ranged from 7 to 30 days (31.12.2013: 7 to 30 days, 01.01.2013: 7 to 30 days).

As at 31 December 2014, trade receivables for the Group of RM48,109,000 (31.12.2013: RM62,692,000, 01.01.2013: RM75,977,000) and the Company of RM12,850,000 (31.12.2013: RM20,000, 01.01.2013: RM3,759,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default, have met the Group's credit approval policies and are monitored on an on-going basis.

The remaining contractual billings to customers from its property development activities amounted to RM152 million and will be billed progressively upon the fulfilment of contractual milestones not withstanding if control of the assets has not been transferred to the customers. The contractual billings period for property development ranges between 3 to 4 years.

27. Receivables and contract assets (continued)

27(A) Trade and other receivables

	Group			Company		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade receivables past due:						
Up to 3 months	**44,853**	60,459	73,722	**12,850**	20	3,705
3 to 6 months	**1,233**	1,516	1,802	**-**	-	-
Above 6 months	**2,023**	717	453	**-**	-	54
	48,109	62,692	75,977	**12,850**	20	3,759

As at 31 December 2014, trade and other receivables for the Group of RM8,297,000 (31.12.2013: RM8,548,000, 01.01.2013: RM9,379,000) and the Company of RM356,000 (31.12.2013: RM356,000, 01.01.2013: RM2,234,000) were impaired. The ageing of these receivables was as follows:

	Group			Company		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Above 6 months	**8,297**	8,548	9,379	**356**	356	2,234

Movements on the Group's and the Company's provision for impairment of trade and other receivables were as follows:

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**8,548**	9,379	**356**	2,234
Provision for impairment of receivables (Note 6)	**1,441**	5,086	**-**	-
Receivables written off during the financial year as uncollectible	**(795)**	(5,263)	**-**	(1,878)
Unused amount reversed upon re-assessment of provision (Note 6)	**(897)**	(654)	**-**	-
At 31 December	**8,297**	8,548	**356**	356

The creation and reversal of provision for impairment have been included in the income statements. Amounts charged to the provision account are generally written off, when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk as at 31 December 2014, 31 December 2013 and 1 January 2013 is the carrying value of each class of receivables mentioned above.

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27. Receivables and contract assets (continued)

The contract assets and contract liabilities as at 31 December 2014, 31 December 2013 and 1 January 2013 were not impacted by significant changes in contract terms.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000 (Restated)**
Net carrying amount of contract asset and liability is analysed as follows:				
At 1 January				
- contract asset	**50,694**	35,902	**7,725**	-
Property development and construction revenue recognised during the financial year	**185,422**	140,168	**25,178**	18,566
Less: Provision of liquidated and ascertained damages during the financial year	**(2,541)**	-	**-**	-
	182,881	140,168	**25,178**	18,566
Less: billings during the financial year	**(122,300)**	(125,376)	**(34,166)**	(10,841)
At 31 December	**111,275**	50,694	**(1,263)**	7,725
At 31 December				
- contract asset	**112,538**	50,694	**-**	7,725
- contract liability	**(1,263)**	-	**(1,263)**	-
	111,275	50,694	**(1,263)**	7,725

There were no revenue recognised in the reporting period for the Group and the Company that was included in the contract liability for property development and construction as at 1 January 2014 and 1 January 2013.

28. Amounts owing by/(to) subsidiaries

	Company		
	31.12.2014	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**
Amounts owing by subsidiaries	**295,523**	418,879	461,959
Less: Provision for impairment	**(2,239)**	(3,218)	(3,218)
	293,284	415,661	458,741
Amounts owing to subsidiaries	**51,100**	47,233	49,355

The amounts owing by subsidiaries represent advances which are unsecured and are receivable on demand. The amounts owing by subsidiaries are interest free (31.12.2013: interest free, 01.01.2013: interest free) except for an amount of RM270,903,000 (31.12.2013: RM405,620,000, 01.01.2013: RM214,883,000), which carries interest at a rate of 4.30% (31.12.2013: 4.30%, 01.01.2013: 3.75%) per annum.

The amounts owing to subsidiaries carries interest at a rate of between 3.00% to 3.25% per annum (31.12.2013: interest free, 01.01.2013: interest free) are unsecured and are repayable on demand.

29. Amounts owing by/(to) associates, joint ventures and other related companies

	Group			Company		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Amounts owing by/(to) associates and joint ventures	**57,313**	83,467	65,522	**3,640**	37,191	37,155
Less: Provision for impairment	**(3,260)**	(6,737)	(6,442)	**(2,965)**	(6,442)	(6,442)
	54,053	76,730	59,080	**675**	30,749	30,713
Amounts owing to associates	**2,697**	4,107	22,487	**-**	-	-

The amounts owing by associates and joint ventures represent advances which are unsecured and are receivable on demand. The amounts owing by associates and joint ventures are interest free except for an amount of RM21,079,000 (31.12.2013: RM19,439,000, 01.01.2013: Nil), which carries interest at a rate of 15% (31.12.2013: 15%, 01.01.2013: Nil) per annum.

The amounts owing to associates are interest free (31.12.2013: interest free, 01.01.2013: interest free), unsecured and are repayable on demand.

30. Cash held under Housing Development Accounts

Bank balances held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Development (Control and Licensing) Amendment Act, 2002 held at call with banks and are denominated in Ringgit Malaysia.

The weighted average effective interest rates of bank balances under Housing Development Accounts during the financial year were 2% (31.12.2013: 2%, 01.01.2013: 2%) per annum.

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31. Payables and contract liabilities

	Group			Company		
	31.12.2014 RM'000	**31.12.2013 RM'000 (Restated)**	**01.01.2013 RM'000 (Restated)**	**31.12.2014 RM'000**	**31.12.2013 RM'000**	**01.01.2013 RM'000**
Non-current						
(A) Trade and other payables						
Deposits received from tenants	**59,788**	65,692	55,178	**-**	794	-
Current						
(A) Trade and other payables						
Trade payables	**138,255**	110,262	76,429	**4,253**	2,892	75
Accruals	**165,059**	194,446	143,657	**2,021**	4,692	5,994
Other payables	**83,164**	79,550	67,780	**4,932**	10,821	3,012
Deposits received from tenants	**105,818**	86,454	70,109	**1,475**	1,662	1,039
	492,296	470,712	357,975	**12,681**	20,067	10,120
(B) Contract liabilities in relation to:						
- property development	**1,263**	-	-	**1,263**	-	-
Total current	**493,559**	470,712	357,975	**13,944**	20,067	10,120

Credit term of trade payables is 30 days (31.12.2013: 30 days, 01.01.2013: 30 days). Included in trade payables of the Group is retention on contract sum of RM51,035,000 (31.12.2013: RM35,297,000, 01.01.2013: RM19,675,000). The fair value of the non-current portion of deposits received from tenants at the reporting date approximates their carrying value as the impact of discounting is not significant.

32. Borrowings

		Group			Company		
	Note	**31.12.2014 RM'000**	**31.12.2013 RM'000**	**01.01.2013 RM'000**	**31.12.2014 RM'000**	**31.12.2013 RM'000**	**01.01.2013 RM'000**
Secured:							
Term loans	32(a)	**1,592,254**	1,451,287	1,449,939	**201,218**	201,282	201,279
Revolving credits	32(b)	**443,780**	107,082	246,755	**-**	-	-
		2,036,034	1,558,369	1,696,694	**201,218**	201,282	201,279
Unsecured:							
Revolving credits	32(b)	**110,521**	-	-	**-**	-	-
Total borrowings		**2,146,555**	1,558,369	1,696,694	**201,218**	201,282	201,279

(a) Term loans

	Group			Company		
	31.12.2014 RM'000	**31.12.2013 RM'000**	**01.01.2013 RM'000**	**31.12.2014 RM'000**	**31.12.2013 RM'000**	**01.01.2013 RM'000**
Secured:						
Current	**20,987**	56,378	16,557	**1,218**	1,282	1,279
Non-current	**1,571,267**	1,394,909	1,433,382	**200,000**	200,000	200,000
Total term loans	**1,592,254**	1,451,287	1,449,939	**201,218**	201,282	201,279

32. Borrowings (continued)

(a) Term loans (continued)

A. AmTrustee Berhad ("the Trustee"), on behalf of IGB REIT, as borrower, has obtained the Syndicated Financing Facilities ("SFF") comprising the following:

(a) A fixed rate term loan facility ("FRTL") of up to RM1,200 million; and
(b) A standby revolving credit facility of ("SBRC") of up to RM20 million.

The FRTL has a tenure of five (5) years from the date of first drawdown with an option to extend the same for a further two (2) years exercisable by the Trustee. For the first five (5) years, the FRTL bears a fixed interest rate of 4.4% per annum. In the event the FRTL is extended, the interest rates for the sixth and the seventh year shall be stepped up to 5.0% per annum.

The SBRC has tenure of seven (7) years and bears a floating interest rate of the aggregate effective costs of funds and a margin of 0.7% per annum.

The SFF are secured against, among others, the following:

(i) a first party assignment by the Trustee of its rights, title, interests and benefits in Mid Valley Megamall and under the sale and purchase agreement in relation to Mid Valley Megamall pursuant to the Acquisitions and all other documents evidencing the Trustee's interest in Mid Valley Megamall. In the event the subdivision of master title is completed and a separate strata title is issued for Mid Valley Megamall ("Megamall Strata Title"), a first party first legal charge shall be created by the Trustee on the Megamall Strata Title for the benefit of the syndicated lenders;

(ii) an undertaking from the Trustee and IGB REIT Management Sdn. Bhd. ("the Manager"):

(a) to deposit all cash flows generated from Mid Valley Megamall into the revenue account; and

(b) that it shall not declare or make any dividends or distributions out of the cash flow derived from Mid Valley Megamall to the unit holders if an event of default has occurred under the terms of the SFF, and is continuing and has not been waived;

(iii) a first party legal assignment and charge by the Trustee over all rights, interests, title and benefits relating to the following designated accounts:

(a) the revenue account into which the Trustee shall credit, among others, all income and insurance proceeds derived from or in relation to Mid Valley Megamall;

(b) the operating account which is to capture funds transferred from the revenue account for the purpose of managing the operating expenditure of Mid Valley Megamall; and

(c) the debt service reserve account which is to capture funds transferred from the revenue account for purposes of meeting the debt service requirement (Note 25);

(iv) a first party legal assignment by the Trustee of all the proceeds under the tenancy/lease agreements all insurance policies in relation to Mid Valley Megamall; and

B. During the financial year, a subsidiary company secured a new Term Loan ("TL") of RM180 million with a tenure of five (5) years and bears a floating interest rate of the aggregate cost of funds and a margin of 1.35% per annum.

The TL is secured against the following:

(i) a first party charge over hotel properties in relation to the hotel property of the subsidiary company (Note 17); and

(ii) debenture over assets of the subsidiary;

C. Term loan obtained by the Company comprise a FRTL of RM200 million (31.12.2013: RM200 million, 01.01.2013: RM200 million) with a tenure of ten (10) years from the date of first drawdown and bears a fixed interest rate of 5.85% (31.12.2013: 5.85%, 01.01.2013: 5.85%) per annum.

The FRTL is secured against the hotel property of a subsidiary (Note 17).

D. During the financial year, the previous TL of RM40 million (01.01.2013: RM40 million) of a subsidiary company which had a tenure of five (5) years and carried a floating interest rate of the aggregate effective cost of funds and a margin of 1.35% (01.01.2013: 1.35%) per annum was repaid.

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32. Borrowings (continued)

(a) Term loans (continued)

The maturity profile of term loans was as follows:

	Fixed interest rate						Floating interest rate					
	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
At 31.12.2014												
Secured:												
Term loans	**15,830**	**50,000**	**1,246,267**	**100,000**	**-**	**-**	**5,157**	**10,000**	**10,000**	**10,000**	**145,000**	**1,592,254**
At 31.12.2013												
Secured:												
Term loans	16,182	-	50,000	1,244,909	100,000	-	40,196	-	-	-	-	1,451,287
At 01.01.2013												
Secured:												
Term loans	16,557	-	-	50,000	1,243,382	100,000	-	40,000	-	-	-	1,449,939
Company												
At 31.12.2014												
Secured:												
Term loans	**1,218**	**50,000**	**50,000**	**100,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**201,218**
At 31.12.2013												
Secured:												
Term loans	1,282	-	50,000	50,000	100,000	-	-	-	-	-	-	201,282
At 01.01.2013												
Secured:												
Term loans	1,279	-	-	50,000	50,000	100,000	-	-	-	-	-	201,279

32. Borrowings (continued)

(b) Revolving credits

	Group		
	31.12.2014	**31.12.2013**	**01.01.2013**
	RM'000	**RM'000**	**RM'000**
Current:			
Secured	**443,780**	107,082	246,755
Unsecured	**110,521**	-	-
	554,301	107,082	246,755

The revolving credits bear a floating interest rate and, other than as disclosed in Note 32(a), are secured by way of:

(a) corporate guarantee by the Company to its subsidiaries;
(b) deposit of master title of a piece of property development cost (Note 19(b));
(c) deposits pledged with licensed banks (Note 25).

The weighted average effective interest rates for borrowings are as follows:

	Group			Company		
	31.12.2014	**31.12.2013**	**01.01.2013**	**31.12.2014**	**31.12.2013**	**01.01.2013**
	% per annum	**% per annum**	**% per annum**	**% per annum**	**% per annum**	**% per annum**
Term loans	**4.64**	4.61	4.61	**5.85**	5.85	5.85
Revolving credits	**2.35**	3.62	4.07	**-**	-	-

The carrying amounts and fair values of term loans and revolving credits are as follows:

	Group					
	31.12.2014		**31.12.2013**		**01.01.2013**	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Term loans	**1,592,254**	**1,514,305**	1,451,287	1,397,538	1,449,939	1,445,297
Revolving credits	**554,301**	**554,301**	107,082	107,082	246,755	246,755
	2,146,555	**2,068,606**	1,558,369	1,504,620	1,696,694	1,692,052

	Company					
	31.12.2014		**31.12.2013**		**01.01.2013**	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Term loan	**201,218**	**194,777**	201,282	195,229	201,279	196,637

The fair value of current borrowings approximates their carrying amount as the impact of discounting is not significant. The fair value of borrowings is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile and is within level 3 of the fair value hierarchy.

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33. Segment reporting – Group – By business segments

Management has determined the operating segments based on the various reports prepared for the Board of Directors that are used to make strategic decisions. During the financial year, the composition of the operating segments of the Group has been disaggregated further into five reportable segments as described below to streamline the focus of the Board of Directors in making its strategic decision across the segments effectively. This change has been adjusted for retrospectively.

The Group is organised into five main business segments:

- Property development - development and sale of condominiums, bungalows, linked houses, shoplots and office suites and project management services
- Property investment - retail - rental income and service charge from retail
- Property investment - commercial - rental income and service charge from office building
- Hotel - income from hotel operations
- Construction - civil and building construction

Other operations of the Group mainly comprise investment holding, sale of utilities and education services; none of which are of a significant size to be reported separately.

The revenue from the respective operating segments (property development, property investment – retail, property investment – commercial, hotel and construction) includes incidental revenue generated within the respective segments that have been reclassified by their nature for presentation within the revenue note.

The segment information provided to the Board of Directors for the reportable segments for the financial year ended 31 December 2014 is as follows:

2014	Note	Property investment - retail RM'000	Property investment - commercial RM'000	Hotel RM'000	Property development RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue								
Total revenue		485,603	139,005	364,678	184,837	419,713	106,925	1,700,761
Intersegment revenue		(35,779)	(11,919)	(8,409)	-	(412,286)	(58,553)	(526,946)
External revenue	5	449,824	127,086	356,269	184,837	7,427	48,372	1,173,815
Results								
Segment results (external)		282,394	69,160	29,810	97,467	6,518	(5,981)	479,368
Unallocated corporate expenses								(42,964)
Profit from operations								436,404
Finance income	8	8,839	1,944	2,751	23,838	27	778	38,177
Finance costs	8	(55,554)	(2,810)	(9,610)	1,770	-	(7,532)	(73,736)
Share of results of associates		-	(4,741)	17,934	4,847	-	3,325	21,365
Profit before tax								422,210
Tax expense	9	(9,316)	(22,313)	(26,970)	(31,037)	(1,677)	(1,817)	(93,130)
Profit for the financial year								329,080
Other information								
Segment assets		1,433,498	1,073,484	2,173,511	503,213	130,825	165,168	5,479,699
Associates and joint ventures	22	-	18,471	590,600	184,097	-	20,000	813,168
Unallocated assets								1,102,192
Total assets								7,395,059
Segment liabilities		1,419,527	140,660	340,491	245,185	135,055	421,680	2,702,598
Unallocated liabilities								301,866
Total liabilities								3,004,464
Capital expenditure:								
Property, plant and equipment	17	2,811	47	230,024	786	93	49,942	283,703
Investment properties	18	7,045	194,135	-	-	-	-	201,180

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33. Segment reporting – Group – By business segments (continued)

2014	Note	Property investment - retail RM'000	Property investment - commercial RM'000	Hotel RM'000	Property development RM'000	Construction RM'000	Others RM'000	Group RM'000
Depreciation:								
Property, plant and equipment	17	**2,116**	**1,439**	**61,594**	**1,597**	**38**	**3,239**	**70,023**
Investment properties	18	**27,808**	**23,142**	**-**	**-**	**-**	**-**	**50,950**
Long-term prepaid lease	20	**-**	**-**	**241**	**-**	**-**	**-**	**241**
Write-off of property, plant and equipment		**-**	**-**	**45,292**	**6**	**-**	**-**	**45,298**
Impairment on property, plant and equipment		**-**	**-**	**10,905**	**-**	**-**	**-**	**10,905**
Reversal of impairment loss:								
- Property, plant and equipment		**-**	**-**	**7,425**	**-**	**-**	**-**	**7,425**
- Land held for property development		**-**	**-**	**-**	**21,036**	**-**	**-**	**21,036**
2013								
Revenue								
Total revenue		452,917	133,031	377,668	145,148	205,159	58,786	1,372,709
Intersegment revenue		(37,255)	(7,179)	(7,799)	-	(197,972)	(35,184)	(285,389)
External revenue	5	415,662	125,852	369,869	145,148	7,187	23,602	1,087,320
Results								
Segment results (external)		223,177	68,227	89,768	76,427	2,346	(4,707)	455,238
Unallocated corporate expenses								(45,262)
Profit from operations								409,976
Finace income	8	11,789	1,473	1,908	30,047	14	126	45,357
Finance costs	8	(55,094)	(12,735)	(12,335)	7,455	-	(1,275)	(73,984)
Share of results of associates		-	34	11,098	5,031	-	332	16,495
Profit before tax								397,844
Tax expense	9	(7,990)	(21,494)	(25,149)	(42,675)	(610)	(455)	(98,373)
Profit for the financial year								299,471
Other information								
Segment assets		1,286,602	1,072,233	2,078,268	440,477	132,061	138,207	5,147,848
Associates and joint ventures	22	-	18,842	202,694	149,783	-	16,404	387,723
Unallocated assets								1,070,656
Total assets								6,606,227
Segment liabilities		1,432,149	117,230	179,851	263,597	81,090	24,963	2,098,880
Unallocated liabilities								260,371
Total liabilities								2,359,251
Capital expenditure:								
Property, plant and equipment	17	749	816	55,195	1,283	28	56,118	114,189
Investment properties	18	275,411	75,371	-	-	-	-	350,782
Depreciation:								
Property, plant and equipment	17	1,805	1,476	69,077	1,504	37	825	74,724
Investment properties	18	27,808	22,921	-	-	-	-	50,729
Long-term prepaid lease	20	-	-	234	-	-	-	234
Write-off of property, plant and equipment		-	-	10,167	349	-	-	10,516

Geographical segment

The segmental financial information by geographical segment is not presented as the Group's activities are mainly carried out in Malaysia.

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34. Financial instruments by category

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Group				
31.12.2014				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	26	**11,932**	**-**	**11,932**
Trade and other receivables excluding prepayments and contract assets (including intercompany balances)		**-**	**143,887**	**143,887**
Cash held under Housing Development Accounts	30	**-**	**40,500**	**40,500**
Cash and bank balances	25	**-**	**1,061,588**	**1,061,588**
Total financial assets		**11,932**	**1,245,975**	**1,257,907**

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	32	**2,146,555**
Trade and other payables excluding contract liabilities (including intercompany balances)		**554,781**
Total financial liabilities		**2,701,336**

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Group				
31.12.2013				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	26	394	-	394
Trade and other receivables excluding prepayments and contract assets (including intercompany balances)		-	200,628	200,628
Cash held under Housing Development Accounts	30	-	32,984	32,984
Cash and bank balances	25	-	1,037,569	1,037,569
Total financial assets		394	1,271,181	1,271,575

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	32	1,558,369
Trade and other payables excluding contract liabilities (including intercompany balances)		540,511
Total financial liabilities		2,098,880

34. Financial instruments by category (continued)

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Group				
01.01.2013				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	26	504	-	504
Trade and other receivables excluding prepayments and contract asset (including intercompany balances)		-	207,929	207,929
Cash held under Housing Development Accounts	30	-	5,259	5,259
Cash and bank balances	25	-	2,117,372	2,117,372
Total financial assets		504	2,330,560	2,331,064

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	32	1,696,694
Trade and other payables excluding contract liabilities (including intercompany balances)		435,640
Total financial liabilities		2,132,334

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Company				
31.12.2014				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	26	**343**	**-**	**343**
Trade and other receivables excluding prepayments and contract assets (including intercompany balances)		**-**	**318,667**	**318,667**
Cash held under Housing Development Accounts	30	**-**	**16,419**	**16,419**
Cash and bank balances	25	**-**	**619,352**	**619,352**
Total financial assets		**343**	**954,438**	**954,781**

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	32	**201,218**
Trade and other payables excluding contract liabilities (including intercompany balances)		**63,781**
Total financial liabilities		**264,999**

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34. Financial instruments by category (continued)

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Company				
31.12.2013				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	26	394	-	394
Trade and other receivables excluding prepayments and contract assets (including intercompany balances)		-	457,075	457,075
Cash held under Housing Development Accounts	30	-	10,081	10,081
Cash and bank balances	25	-	528,806	528,806
Total financial assets		394	995,962	996,356

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	32	201,282
Trade and other payables excluding contract liabilities (including intercompany balances)		68,094
Total financial liabilities		269,376

	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Company				
01.01.2013				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	26	389	-	389
Trade and other receivables excluding prepayments and accrued billings (including intercompany balances)		-	529,506	529,506
Cash held under Housing Development Accounts	30	-	45	45
Cash and bank balances	25	-	353,713	353,713
Total financial assets		389	883,264	883,653

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	32	201,279
Trade and other payables excluding contract liabilities (including intercompany balances)		59,475
Total financial liabilities		260,754

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35. Capital commitment

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
Authorised by Directors and contracted:		
Investment property	**1,249,532**	52,779
Property, plant and equipment	**123,234**	316,440
	1,372,766	369,219
Authorised by Directors but not contracted:		
Investment property	**-**	4,918
Property, plant and equipment	**48,905**	19,555
	48,905	24,473

36. Significant related party disclosures

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

(i) Group

Other related parties	**Relationship**
Wasco Management Services Sdn. Bhd.	A wholly-owned subsidiary of Wah Seong Corporation Berhad, a company in which Dato' Seri Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.
Cahaya Utara Sdn. Bhd.	An associate of Wah Seong (Malaya) Trading Co. Sdn. Bhd., a company in which Dato' Seri Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.
Strass Media Sdn. Bhd.	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn. Bhd., a company in which Dato' Seri Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.

Significant related party transactions:

	2014	**2013**
	RM'000	**RM'000**
Light boxes rental, pedestrian bridge and office rental:		
Strass Media Sdn. Bhd.	**1,879**	2,104
Management/marketing fee income:		
Cahaya Utara Sdn. Bhd.	**1,425**	1,373
Office rental income:		
Wasco Management Services Sdn. Bhd.	**1,031**	999

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36. Significant related party disclosures (continued)

(i) Group (continued)

Significant related party balances:

	2014 RM'000	2013 RM'000
Associates:		
New Commercial Investments Limited	**22,006**	21,974
Fawkner Centre Pty Ltd	**25,202**	23,832

(ii) Company

Significant related party transactions:

	2014 RM'000	2013 RM'000
Interest charged to subsidiaries	**13,664**	22,703
Advances to subsidiaries	**435,943**	517,662
Repayment of advances from subsidiaries	**488,333**	56,342
Advances from subsidiaries	**36,750**	135,623
Repayment of advances from subsidiaries	**24,322**	168,860

Significant related party balances:

	2014 RM'000	2013 RM'000
Amount owing from subsidiaries:		
Mid Valley City Centrepoint North Sdn Bhd	**33,677**	40,914
Mid Valley City Centrepoint South Sdn Bhd	**20,321**	27,818
IGB REIT Management Sdn Bhd	**22,174**	10,585
Rapid Alpha Sdn Bhd	**17,974**	830
Southkey Megamall Sdn Bhd	**21,309**	7,619
Detik Harapan Sdn Bhd	**69,829**	41,933
Cititel Hotel Pty Ltd	**97,401**	14,480

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries, bonus and allowance	**31,961**	29,307	**12,548**	10,926
Defined contribution plan	**3,574**	3,169	**1,470**	1,210
Other short term benefits	**286**	290	**176**	165
	35,821	32,766	**14,194**	12,301

Key management comprises management personnel having authority and responsibility for planning, directing and controlling the activities of the Group.

37. Changes in Group structure

A. Acquisition of subsidiary during the financial year

(i) On 12 August 2014, the Company announced to Bursa Securities that Pacific Land Sdn. Bhd., a wholly-owned subsidiary of the Company had acquired the entire issued shares of Majestic Path Sdn. Bhd. for cash consideration of RM2.00.

B. Dilution of interest in an existing subsidiary during the financial year

(i) Cipta Klasik (M) Sdn. Bhd. ("Cipta Klasik")

On 30 September 2014, Tan & Tan Developments Berhad, a wholly-owned subsidiary of the Company disposed of a 30% interest in its wholly-owned subsidiary, Cipta Klasik for a cash consideration of RM41,244,000. This resulted in an increase in non-controlling interest of RM12,801,000 and no impact to the equity attributable to owners of the parent. The effect of changes in the ownership interest of Cipta Klasik on the equity attributable to owners of the parent during the year is summarised as follows:

	31.12.2014
	RM'000
Carrying amount of non-controlling interests disposed of	**(12,801)**
Consideration received from non-controlling interests	**41,244**
Gain recognised in parent's equity	**28,443**

C. Acquisition of joint ventures during the financial year

(i) Black Pearl Limited ("Black Pearl")

On 7 June 2013, Verokey Sdn. Bhd. ("Verokey"), a wholly-owned subsidiary of the Company had entered into a Joint Venture Agreement with Tower Ray Limited for the establishment of a joint venture through an equity participation of 50:50 in Black Pearl for cash consideration of RM27,545. The Joint Venture Agreement became unconditional upon Verokey subscription of 50% equity interest in Black Pearl on 8 May 2014.

On 8 May 2014, Black Pearl entered into a Share Purchase Agreement with Panthermane Limited ("Panthermane") and Ostingale Limited (collectively, the "Sellers"), for the acquisition of 10,000 ordinary shares of GBP 1.00 each in Blackfriars Limited ("Blackfriars") representing 100% of the issued share capital of Blackfriars.

Blackfriars is the registered owner of certain land and buildings, measuring approximately 1.81 acres (0.73 hectares)(the "Property").

The total consideration for the acquisition of Blackfriars is set out below:

(a) acquisition of 10,000 ordinary shares of GBP 1.00 each in Blackfriars for RM5.00 (GBP 1.00) ("Sale Shares");
(b) settlement of RM358.2 million (GBP 65.0 million) being the outstanding sum including any and all interest accruing, fees and penalties owed by the Sellers to the National Asset Management Agency ("NAMA Debt") for the latter to release its security over the Property; and
(c) assumption by Black Pearl of RM271.4 million (GBP 49.262 million) in loans from Panthermane to Blackfriars.

The joint venture intends to develop the property into a mixed residential and commercial development involving amongst others, residential units, offices and retail.

(ii) Crystal Property Asia Company Ltd ("Crystal Property")

On 26 September 2014, Majestic Path Sdn. Bhd., a wholly-owned subsidiary of Pacific Land Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company had entered into a Shareholders Agreement with Immortal Group Co. Ltd and Theekharoj Piamphongsarn in relation to 49% stake in Crystal Property for cash consideration of RM65,621,000. The joint venture is to carry on the development of 19 freehold land plots located in Bangkok, Thailand.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

38. Subsidiaries

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2014	2013
	Abad Flora Sdn. Bhd. [1]	Property Investment	Malaysia	**100.0**	100.0
	Amandamai Dua Sdn. Bhd. [2]	Property Development	Malaysia	**100.0**	100.0
	Amandamai Satu Sdn. Bhd. [3]	Property Development	Malaysia	**100.0**	100.0
	Angkasa Gagah Sdn. Bhd. [4]	Property Development	Malaysia	**100.0**	100.0
	Arabayu Sepakat Sdn. Bhd. [5]	Property Development and Property Investment	Malaysia	**100.0**	100.0
*	Asian Equity Limited [6]	Investment Holding	British Virgin Islands	**55.0**	55.0
	Atar Deras Sdn. Bhd. [7]	Property Development	Malaysia	**100.0**	100.0
*	Auspicious Prospects Ltd. [8]	Investment Holding	Liberia	**100.0**	100.0
	Belimbing Hills Sdn. Bhd. [9]	Property Development	Malaysia	**100.0**	100.0
*	Beswell Limited [10]	Investment Holding	Hong Kong	**100.0**	100.0
	Bintang Buana Sdn. Bhd. [11]	Property Development	Malaysia	**90.0**	90.0
	Central Review (M) Sdn. Bhd. [12]	Hotelier	Malaysia	**100.0**	100.0
	Cipta Klasik (M) Sdn. Bhd. [13]	Property Development	Malaysia	**70.0**	100.0
	Cititel Hotel Management Sdn. Bhd.	Hotel Management Services	Malaysia	**60.0**	60.0
*	Cititel Hotels Pty Ltd [14]	Investment Holding	Australia	**100.0**	100.0
	Corpool Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Danau Bidara (M) Sdn. Bhd. [15]	Property Investment	Malaysia	**100.0**	100.0
	Detik Harapan Sdn. Bhd.	Educational Institution	Malaysia	**60.0**	60.0
	Dian Rezki Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	Dimensi Magnitud Sdn. Bhd.	Property Investment	Malaysia	**70.0**	70.0
	Distinctive Ace Sdn. Bhd. [16]	Property Investment and Property Development	Malaysia	**50.0 + 1 share**	50.0 + 1 share
	Earning Edge Sdn. Bhd. [17]	Investment Holding	Malaysia	**65.0**	65.0
	Eastwind Alliance Sdn. Bhd. [18]	Investment Holding	Malaysia	**100.0**	100.0
	Ensignia Construction Sdn. Bhd.	Building Construction	Malaysia	**100.0**	100.0
*	Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	**100.0**	100.0
	Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Harta Villa Sdn. Bhd. [19]	Property Development	Malaysia	**100.0**	100.0
	ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Idaman Spektra Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	IGB International School Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	IGB International Ventures Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	IGB Management Services Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	**100.0**	100.0
	IGB Properties Sdn. Bhd.	Property Investment and Management	Malaysia	**100.0**	100.0
	IGB REIT Management Sdn. Bhd.	Management of Real Estate Investment Trust	Malaysia	**100.0**	100.0

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

38. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2014	2013
	IGB Real Estate Investment Trust	Real Estate Investment Trust	Malaysia	**51.7**	51.0
	Innovation & Concept Development Co. Sdn. Bhd. [20]	Property Development	Malaysia	**100.0**	100.0
	Intercontinental Aviation Services Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	IST Building Products Sdn. Bhd.	Trading of Building Materials	Malaysia	**100.0**	100.0
	IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Kemas Muhibbah Sdn. Bhd. [21]	Property Development	Malaysia	**100.0**	100.0
	KennyVale Sdn. Bhd. [22]	Property Development	Malaysia	**100.0**	100.0
	Kondoservis Sdn. Bhd. [23]	Management Services	Malaysia	**100.0**	100.0
	KrisAssets Holdings Berhad *(Under members' voluntary liquidation)*	Dormant	Malaysia	**63.5**	63.5
	Lagenda Sutera (M) Sdn. Bhd. [24]	Hotelier	Malaysia	**100.0**	100.0
*	Lingame Company Limited	Investment Holding	Hong Kong	**100.0**	100.0
	Majestic Path Sdn. Bhd. [25]	Investment Holding	Malaysia	**100.0**	-
	Megan Prestasi Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
*	MiCasa Hotel Limited [26]	Hotelier	Myanmar	**65.0**	65.0
	Mid Valley Capital Sdn. Bhd. [27] *(Members' voluntary liquidation completed in 2014)*	Dormant	Malaysia	**-**	63.5
	Mid Valley City Sdn. Bhd.	Management Services/ Service Provider	Malaysia	**100.0**	100.0
	Mid Valley City Developments Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Mid Valley City Energy Sdn. Bhd.	Selling and Distribution of Utilities	Malaysia	**100.0**	100.0
	Mid Valley City Enterprise Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Mid Valley City Gardens Sdn. Bhd.	Management Services/ Service Provider	Malaysia	**100.0**	100.0
	Mid Valley City Hotels Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Mid Valley City North Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Property Services Sdn. Bhd. [28]	Building and Maintenance Services	Malaysia	**100.0**	100.0
	Mid Valley City South Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Southpoint Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Murni Properties Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint North Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint South Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC CyberManager Sdn. Bhd.	Operation of MSC cyber centre in Mid Valley City	Malaysia	**100.0**	100.0
	MVEC Exhibition and Event Services Sdn. Bhd.	Exhibition Services	Malaysia	**100.0**	100.0

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

38. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2014	2013
	Nova Pesona Sdn. Bhd. [29]	Property Development	Malaysia	**100.0**	100.0
	OPT Ventures Sdn. Bhd. [30]	Property Development and Property Investment	Malaysia	**70.0**	70.0
	Outline Avenue (M) Sdn. Bhd. [31]	Property Development	Malaysia	**89.6**	89.6
	Pacific Land Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
*	Pacific Land Pte. Ltd. [32]	Investment Holding	Singapore	**100.0**	100.0
	Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Pekeliling Land Sdn. Bhd.	Property Holding	Malaysia	**100.0**	100.0
	Pekeliling Property Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	Penang Garden Sdn. Bhd.	Property Development and Property Investment	Malaysia	**100.0**	100.0
	Permata Efektif (M) Sdn. Bhd. [33]	Property Development	Malaysia	**100.0**	100.0
	Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
	Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Primanah Property Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Puncak Megah (M) Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Rapid Alpha Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Reka Handal Sdn. Bhd. [34]	Property Development	Malaysia	**75.0**	75.0
	Riraiance Enterprise Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Salient Glory City Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Southkey Megamall Sdn. Bhd.	Property Investment	Malaysia	**70.0**	70.0
*	St Giles Hotels (Asia) Limited [35]	Hotel Management Services	Labuan	**60.0**	60.0
	Tanah Permata Sdn. Bhd. [36]	Hotelier	Malaysia	**100.0**	100.0
	Tan & Tan Developments Berhad	Property Development, Project Management Services and Investment Holding	Malaysia	**100.0**	100.0
	Tan & Tan Realty Sdn. Bhd. [37]	Property Investment and Food Court Operator	Malaysia	**80.0**	80.0
	The Gardens Theatre Sdn. Bhd.	Lease auditorium space for performing arts	Malaysia	**100.0**	100.0
	TTD Sdn. Bhd. [38]	Hotelier	Malaysia	**100.0**	100.0
	Verokey Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
*	Wilmer Link Limited [39]	Investment Holding	British Virgin Islands	**58.0**	58.0
	X-Speed Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0

38. Subsidiaries (continued)

Notes:

1-5, 7, 9, 11-13, 15, 18-19, 22-23, 29-31, 33-34, 37-38	*- 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, 24-25, 32, 36	*- Held by Pacific Land Sdn. Bhd.*
16	*- Held by Megan Prestasi Sdn. Bhd.*
17	*- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.*
20	*- Held by ICDC Holdings Sdn. Bhd.*
21	*- Held by IGB Project Management Services Sdn. Bhd.*
26	*- Held by Earning Edge Sdn. Bhd.*
27	*- Held by KrisAssets Holdings Berhad*
28	*- Held by Mid Valley City Developments Sdn. Bhd.*
35	*- Held by Cititel Hotel Management Sdn. Bhd.*
39	*- Held by IGB International Ventures Sdn Bhd.*

* *Companies audited by firms other than PricewaterhouseCoopers Malaysia.*

39. Associates

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2014	2013
*	Aroma Laundry and Dry Cleaners Sdn. Bhd. [1] *(Under members' voluntary liquidation)*	Dormant	Malaysia	**20.0**	20.0
*	DMV Sdn. Bhd. [2]	Property Development	Malaysia	**38.5**	38.5
*	Fawkner Centre Pty. Ltd. [3]	Property Investment	Australia	**39.0**	39.0
	Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [4] *(Under members' voluntary liquidation)*	Dormant	Malaysia	**30.0**	30.0
	Hampshire Properties Sdn. Bhd. [5]	Property Development and Property Investment	Malaysia	**50.0**	50.0
*	Hilltop International Success Incorporated [6]	Purchasing/Leasing of Aircrafts	British Virgin Islands	**49.5**	49.5
*	HICOM Tan & Tan Sdn. Bhd. [7]	Property Development	Malaysia	**50.0**	50.0
	Johan Kekal Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**50.0**	50.0
	Jutanis Sdn. Bhd. [8]	Property Development	Malaysia	**45.0**	45.0
	Kumpulan Sierramas (M) Sdn. Bhd. [9]	Property Development	Malaysia	**50.0**	50.0
	Kundang Properties Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
*	Merchant Firm Limited [10]	Investment Holding	British Virgin Islands	**49.5**	49.5
*	New Commercial Investments Limited [11]	Investment Holding	British Virgin Islands	**49.6**	49.6
	Orion Corridor Sdn. Bhd. [12]	Leasing of Aircrafts	Malaysia	**24.7**	24.8
*	Pacific Land Company Limited [13]	Investment Holding	Thailand	**48.9**	50.0
	Permata Alasan (M) Sdn. Bhd. [14]	Property Development and Property Investment	Malaysia	**50.0**	50.0
*	Ravencroft Investments Incorporated [15]	Investment Holding	British Virgin Islands	**49.5**	49.5

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

39. Associates (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2014	2013
*	Sierramas Landscape Services Sdn. Bhd. [16] *(Under members' voluntary liquidation)*	Dormant	Malaysia	**50.0**	50.0
*	St Giles Hotel [17]	Construction and Hotel Management	Republic of Congo	**49.5**	-
*	St Giles Hotel, Inc [18]	Hotelier	United States of America	**49.5**	49.5
*	St Giles Hotel Limited. [19]	Hotelier	United Kingdom	**49.5**	49.5
*	St Giles Hotel LLC [20]	Hotelier	United States of America	**49.5**	49.5
*	St Giles Hotel (Heathrow) Limited. [21]	Hotelier	United Kingdom	**49.6**	49.6
*	St Giles Hotel (Manila) Inc [22]	Hotelier	Philippines	**49.5**	49.5
*	Technoltic Engineering Sdn. Bhd.	Servicing, Maintenance and Installation of Elevators	Malaysia	**40.0**	40.0
*	Tentang Emas Sdn. Bhd. [23]	Investment Holding	Malaysia	**49.0**	49.0

Notes:

1, 3-5,7-9,14, 23	*- Held by Tan & Tan Developments Berhad.*
2	*- Held by Tan & Tan Developments Berhad and IGB Corporation Berhad 25.63% and 12.82% respectively.*
13	*- Held by Pacific Land Sdn. Bhd.*
10	*- Held by Ravencroft Investments Incorporated.*
11, 21	*- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.*
6, 12, 17, 22	*- Held by Merchant Firm Limited.*
15, 19	*- Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd. 27.72%, 7.65% and 14.11% respectively.*
16	*- Held by Kumpulan Sierramas (M) Sdn. Bhd.*
18	*- Held by St Giles Hotel Limited.*
20	*- Held by St Giles Hotel, Inc.*

* *Companies audited by firms other than PricewaterhouseCoopers Malaysia.*

40. Joint Ventures

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2014	2013
*	Blackfriars Limited [1]	Property Investment	Guernsey	**50.0**	-
*	Black Pearl Limited [2]	Property Investment	Guernsey	**50.0**	-
*	Crystal Property Asia Company Limited [3]	Property Development and Construction	Thailand	**49.0**	-

Notes:

1	*- Held by Black Pearl Limited.*
2	*- Held by Verokey Sdn. Bhd.*
3	*- Held by Majestic Path Sdn. Bhd.*

* *Companies audited by firms other than PricewaterhouseCoopers Malaysia.*

41. Cash and cash equivalents

Cash and cash equivalent included in the statement of cash flows comprise of the following:

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
		RM '000	**RM '000**	**RM '000**	**RM '000**
Deposit with licensed banks	25	**923,547**	825,956	**612,044**	522,769
Cash in hand	25	**4,740**	3,008	**10**	8
Bank balances	25	**133,301**	208,605	**7,298**	6,029
Cash held under Housing Development Accounts	30	**40,500**	32,984	**16,419**	10,081
		1,102,088	1,070,553	**635,771**	538,887
Less: Restricted cash	25	**(508,516)**	(122,436)	**(480,419)**	(95,000)
		593,572	948,117	**155,352**	443,887

42. Transition from FRS to MFRS and early adoption of MFRS 15 'Revenue from Contracts with Customers'

The effect of the Group and Company transition to MFRSs and MFRS 15 'Revenue from Contracts with Customers', described in Note 2, is summarised in this Note as follows:

42.1 MFRS 1 mandatory exceptions
42.2 MFRS 1 exemption options
42.3 Early adoption of MFRS 15 'Revenue from Contracts with Customers'
42.4 Explanation of transition from FRSs to MFRSs

42.1 MFRS 1 mandatory exceptions

(a) MFRS estimates

MFRS estimates as at transition date are consistent with the estimates as at the same date made in conformity with FRS.

42.2 MFRS 1 exemption options

(a) Exemption for cumulative translation differences

MFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with MFRS 121 'The effects of changes in foreign exchange rates' from the date a foreign operation was acquired. The Group elected to reset all cumulative translation differences to zero in opening retained earnings at its transition date. At the transition date, cumulative translation differences amounted to a debit balance of RM33.6 million.

(b) Exemption for fair value as deemed cost - Property, Plant and Equipment (Hotel Properties)

In accordance with the exemptions in MFRS 1, the Group elected to measure certain land and buildings at fair value as at transition date as their deemed cost as at that date.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
(continued)

42. Transition from FRS to MFRS and early adoption of MFRS 15 'Revenue from Contracts with Customers' (continued)

42.3 Early adoption of MFRS 15 'Revenue from Contracts with Customers'

In 2014, the Group early adopted MFRS 15, requiring the Group to review the measurement and timing of when revenue is recognised.

The new accounting policy had been adopted retrospectively and comparative amounts were restated.

The adoption of MFRS 15 on the Group's and the Company's recognition of revenue and costs of sales affected its property development activities, whereby;

i) It had deferred the recognition of revenue from sales of its properties where it was not able to determine the probability that it would be able to collect the consideration to which it will be entitled and if the entity does not have an enforceable right to payment for performance completed to date;
ii) It had identified separate performance obligations arising from its property development activities and have deferred revenue for performance obligations that are only satisfied on delivery to its customers; and
iii) Expenses attributable to securing contracts with customers had been capitalised and expensed by reference to the progress towards complete satisfaction of that performance obligation

42.4 Explanation of transition from FRSs to MFRSs and early adoption of MFRS 15 'Revenue from Contracts with Customers'

MFRS 1 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from FRSs to MFRSs for the respective periods noted for equity and total comprehensive income.

The transition from FRS to MFRS has had no effect on the reconciliation of equity and reconciliation of total comprehensive income of the Company and on the reported cash flows generated by the Group and the Company.

(a) Reconciliation of equity

The table below reconciles equity balances previously reported in accordance with FRS to equity balances restated in accordance with MFRS on 1 January 2013 (date of transition) and 31 December 2013:

	Note	01.01.2013 RM'000	31.12.2013 RM'000
Group			
Retained earnings			
Retained earnings as reported under FRS		2,632,468	2,988,803
Add/(Less): Transitioning adjustments:			
Cumulative foreign currency translation differences as at 1 January 2013 transferred to retained earnings	42.2(a)	(33,579)	(33,579)
Fair value as deemed cost	42.2(b)	366,489	364,221
Others		-	(2,955)
Effects of transitioning to MFRS		332,910	327,687
Add/(Less): Adjustments due to early adoption of MFRS 15		2,206	(2,953)
Exchange translation reserves			
Exchange translation reserves as reported under FRS		33,579	33,579
Less: Transitioning adjustments:			
Cumulative foreign currency translation differences as at 1 January 2013 transferred to retained earnings	42.2(a)	(33,579)	(33,579)
Effects of transitioning to MFRS		(33,579)	(33,579)
Exchange translation reserves restated under MFRS		-	-

42. Transition from FRS to MFRS and early adoption of MFRS 15 'Revenue from Contracts with Customers' (continued)

42.4 Explanation of transition from FRSs to MFRSs and early adoption of MFRS 15 'Revenue from Contracts with Customers' (continued)

(a) Reconciliation of equity (continued)

The table below reconciles equity balances previously reported in accordance with FRS to equity balances restated in accordance with MFRS on 1 January 2013 (date of transition) and 31 December 2013: (continued)

	Note	01.01.2013 RM'000	31.12.2013 RM'000
Group			
Revaluation reserves			
Revaluation reserves as reported under FRS		366,489	604,774
Less: Transitioning adjustments:			
Fair value as deemed cost – hotel properties	42.2(b)	(366,489)	(366,489)
Reversal of surplus on revaluation during 31 December 2013	42.2(b)	-	(238,285)
Effects of transitioning to MFRS		(366,489)	(604,774)
Revaluation reserves restated under MFRS		-	-
Non-controlling interest			
Non-controlling interest as reported under FRS		599,801	77,322
Add: Adjustments due to early adoption of MFRS 15		1,015	784
Non-controlling interest as restated under MFRS		600,816	78,106
Company			
Retained earnings			
Retained earnings as reported under FRS		4,156,200	4,119,178
Less: Adjustments due to early adoption of MFRS 15		-	(877)
Retained earnings restated under MFRS		4,156,200	4,118,301

Notes to the **Financial Statements**

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(continued)

42. Transition from FRS to MFRS and early adoption of MFRS 15 'Revenue from Contracts with Customers' (continued)

42.4 Explanation of transition from FRSs to MFRSs and early adoption of MFRS 15 'Revenue from Contracts with Customers' (continued)

(b) Reconciliation of total comprehensive income

The table below reconciles the total comprehensive income previously reported in accordance with FRS to the total comprehensive income restated in accordance with MFRS on 31 December 2013:

	Note	31.12.2013 RM'000
Group		
Total comprehensive income reported under FRS		563,151
Less: Transitioning adjustments:		
Reversal of surplus on revaluation during 31 December 2013	42.2 (b)	(243,508)
Less: Adjustments due to early adoption of MFRS 15		(5,390)
Total comprehensive income as restated under MFRS		314,253
Company		
Total comprehensive income reported under FRS		93,386
Less: Adjustments due to early adoption of MFRS 15		(877)
Total comprehensive income as restated under MFRS		92,509

(c) Reconciliation of statement of cash flows

Group and Company
There is no impact to the statement of cash flows of the Group and the Company.

43. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 23 April 2015.

Notes to the **Financial Statements**

for the financial year ended 31 December 2014
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44. Disclosure of realised and unrealised retained profits/(accumulated losses)

The following analysis is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Securities' Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Securities.

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	RM '000	**RM '000**	**RM '000**	**RM '000**
		(Re-stated)		**(Re-stated)**
Total retained profits:				
Realised	**3,692,887**	3,521,733	**4,318,762**	4,123,214
Unrealised	**(177,719)**	(176,098)	**(768)**	(4,913)
	3,515,168	3,345,635	**4,317,994**	4,118,301
Total retained profits of associates and joint ventures:				
Realised	**303,862**	274,241	**-**	-
Unrealised	**(4,118)**	4,277	**-**	-
	299,744	278,518	**-**	-
Less: Consolidation adjustments	**(303,896)**	(310,616)	**-**	-
Total retained profits	**3,511,016**	3,313,537	**4,317,994**	4,118,301

Statement by **Directors**

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

We, Dato' Seri Robert Tan Chung Meng and Tan Kai Seng, being two of the Directors of IGB Corporation Berhad, state that, in our opinion, the financial statements set out on pages 40 to 126 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and of the results and cash flows of the Group and the Company for the financial year ended on that date, in accordance with Malaysian Financial Reporting Standards, International Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 44 on page 127 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Directors dated 23 April 2015.

Dato' Seri Robert Tan Chung Meng
Group Managing Director

Tan Kai Seng
Director

Statutory **Declaration**

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

I, Chai Lai Sim, the officer primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 127 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 23 April 2015.

Before me:

Mohan A.S. Maniam (No. W521)
Commissioner for Oaths

Independent **Auditors' Report**

to the Members of IGB Corporation Berhad

(Incorporated in Malaysia) (Company No. 5745-A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IGB Corporation Berhad on pages 40 to 126 which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 43.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

Independent **Auditors' Report**

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 44 on page 127 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 2 to the financial statements, IGB Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 January 2014 with a transition date of 1 January 2013. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2013 and 1 January 2013, and the income statements, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2013 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2014 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2014 do not contain misstatements that materially affect the financial position as of 31 December 2014 and financial performance and cash flows for the year then ended.

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SHIRLEY GOH
(No. 1778/08/16 (J))
Chartered Accountant

Kuala Lumpur
23 April 2015

IGB Corporation Berhad (5745-A)

PROXY FORM

CDS Account No.

**CDS Account No. of Authorised Nominee

Number of Shares Held

*I/We (name as per Identification/Certificate of Incorporation) ____________________

Identification/Company No. ____________________ of (address) ____________________

____

being a member of IGB, hereby appoint:

First Proxy

Full Name		Proportion of Shareholdings Represented	
		No. of Shares	%
Identification No.			
Address			

*and/or

Second Proxy

Full Name		Proportion of Shareholdings Represented	
		No. of Shares	%
Identification No.			
Address			

or, both of whom failing, *the Chairman of the 51st AGM as *my/our proxy to vote for *me/us on *my/our behalf at the 51st AGM of IGB to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on Friday, 22 May 2015 at 3.00 p.m. and at any adjournment thereof, in the manner indicated below:

No.	Resolutions	In favour	Against	Abstain
1	Re-election of Tan Lei Cheng as Director			
2	Re-election of Pauline Tan Suat Ming as Director			
3	Re-appointment of Tan Sri Abu Talib bin Othman as Independent Director			
4	Re-appointment of Yeoh Chong Swee as Independent Director			
5	Retention of Tan Kai Seng as Independent Director			
6	Re-appointment of PricewaterhouseCoopers as auditor			
7	Renewal of RRPT Mandate			

* Delete as appropriate
** Applicable to shares through a nominee account.

Dated this ____________ day of __________________ 2015

____
Signature/Common Seal of Member

Notes:
(a) A member is entitled to appoint one or two proxies and they need not be members.
(b) A member, who is an authorised nominee, may appoint up to two proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple proxies in respect of each securities account held.
(c) A member who appoints a proxy must execute the Proxy Form, and if two proxies are appointed, the number of shares to be represented by each proxy must be clearly indicated.
(d) A corporate member who appoints a proxy must execute the Proxy Form under seal or the hand of its officer or attorney duly authorised.
(e) Only members registered in the Record of Depositors as at 15 May 2015 shall be eligible to attend and vote at the 51st AGM or appoint a proxy to attend and vote on his behalf.
(f) The executed Proxy Form must be deposited at the office of IGB's Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not later than 3.00 p.m. on 20 May 2015, being 48 hours before the time set for the 51st AGM.
(g) The Company shall be entitled to reject Proxy Form if it is incomplete, improperly completed or illegible or where the true indications of the appointer are not ascertainable from the instructions of the appointer specified in Proxy Form.
(h) The Annual Report is available on the Bursa Securities' website at www.bursamalaysia.com under Company Announcements and at IGB's website at www.igbcorp.com

Fold this flap for sealing

Fold along this line (2)

PROXY FORM

AFFIX
RM0.60
STAMP

IGB's Registrar
Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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