DESA DAMANSARA 2

CHAIRMAN'S STATEMENT

The year 2001 was not only a challenging year but also another milestone in the history of the IGB Group. It is most heartening to note that the proposed merger of the property related businesses of IGB and Tan & Tan has been successfully completed. The rationalization exercise of placing Tan & Tan under the umbrella of IGB not only has expanded the Group's portfolio of investment properties which comprise substantially of upmarket residential properties, commercial entities and hotels, but also enabled the Group to be well placed to exploit opportunities from its prime land assets for development activities and to realize the appreciation in the value of the land banks. The merger henceforth added considerable creditability to the new direction of the Group to improve both its prospects and performance as well as working towards its vision to deliver growth and increase shareholders value as it moves forward.

Starting out on this positive note, it is both my pleasure and privilege to now present, on behalf of the Board, the Annual Report and Audited Financial Statements of IGB Corporation Berhad Group for the financial year ended 31 December 2001.

FINANCIAL RESULTS

In 2001, the Group performed reasonably well despite the lingering uncertainties of the global economic downturn. The Group revenue was RM199.9 million compared with RM312.5 million last year. The lower revenue was mainly due to absence of launches and minimal progress billing. The Group pretax profit was however higher at RM61.9 million, compared with RM46.0 million in the preceding year. The improved results were mainly due to exceptional gains derived from the disposal of the Group's stake in Ipoh Limited and the share of profit on the disposal of quoted investment by the Group's associate company, IJM Corporation Berhad ('IJM'), coupled with the better performance from the Group's construction and hotel divisions. In tandem with the improved earnings, the Group's earnings per share rose to 8.50 sen while the Group's net tangible assets backing per share improved to RM2.15. The Shareholders' funds increased from RM1,235.0 million to RM1,276.0 million for the year under review.

With the exception of the investment holding division, all operating divisions in the Group reported positive earnings for the year. The property division maintained its positive contribution to the Group with commendable rental returns from the Mid Valley Megamall and the sales revenue of properties sold in the previous year. The construction division continued its upwards growth trend and registered credible profits. The hotel division also showed a significant improvement in profitability, benefiting from both improved average room rates and increased occupancies.

As shareholders are aware, the financial year ended also saw the completion of the disposal by the Company of its 21.44% equity interest in Ipoh Limited following a conditional general offer. The disposal has resulted in a gain of RM41.0 million. As mentioned earlier, the gain was taken up as an exceptional item, which contributed substantially to the pretax profit for the year under review. The proceeds would be used to pare down the Group's borrowings and for working capital. Following the disposal, Ipoh Limited has effectively ceased to be an associate company of the Group.

SHARE CAPITAL

The total issued and paid up share capital of the Company increased from RM296,976,536 to RM296,994,755-50 during the year as a result of conversion of Transferable Subscription Rights 1993/1998, and the latter was removed from the Official List of the Exchange on 12 December 2001.

As at 31 December 2001, the number of Warrants 1999/2004 outstanding remains at 118,558,214 whilst 3,671,000 share options remain unissued under the Employees Share Option Scheme.

DIVIDEND

On 7 January 2002, an interim dividend of 3% less income tax was paid. The Board is recommending a final dividend of 2% less income tax, giving a total dividend of 5% for the financial year ended 31 December 2001, the same as in the previous year.

GROUP PROSPECTS FOR 2002

The forecast growth in the Gross Domestic Product of 3.5% for 2002 compared to 0.5% achieved in 2001 (Source: Bank Negara Report 2001) bears ample testimony to the pervading optimism with regard to the turnaround in the country's economic health. Although still clouded by global economic uncertainties, with the Government's relentless efforts in implementing various policies to pump-primed the economy and other measures to protect the economy from the adverse effects of the global slowdown, the country's economy is expected to continue on its recovery path.

With that in mind, the outlook for the Group's diversified portfolio of business activities is expected to improve in line with the anticipated sustainability of the overall business environment in the country. The Group will focus its efforts to build on its core businesses, while at the same time exploiting new business ventures and opportunities that have synergistic benefits and could contribute to its bottom line apart from enhancing shareholders' value.

Going forward, with a bigger asset base enlarged by the recently completed merger with Tan & Tan, the revenue and profit generation capacity of the Group is obviously higher. However, in order to stimulate long term profitability, competitiveness and growth, the Group will focus even more on developing long range business policies which will maintain a steady source of income and earnings over time. Hence, the Group is now looking into the expansion of the Mid Valley City project, which will act as the primary stimulus to provide a strong and steady recurring revenue to fuel future development activities and for investment opportunities. Concurrently, the Group is also scouting for budget hotels in the region to expand its home grown Cititel chain as well as to beef up some of the Group's development projects to capitalize on the upturn in the economy.

Having taken the first step, the Group is now poised to move forward, armed to face the challenges that the future holds. Even though there may still be some bumps along the way, the Board is confident that with the overall optimism, commitment and perseverance to strengthen the Group financially and strategically, and in the absence of any surprise factors that could interfere with the further recovery of the Malaysian economy, 2002 will see the continued growth of the Group.

BOARD ROOM

First and foremost, I would like to thank and express my heartfelt appreciation to the previous Chairman of the Board, Dato' Tan Chin Nam, who retired on 30 May 2001, after serving and steering the growth of the Group for the past 32 years. The Board, management and staff of IGB shall endeavor to show our appreciation in the best way possible by continuing to give him the pleasure and pride of seeing the IGB Group continue to grow from strength to strength.

I would also like to extend my appreciation to former Directors, namely Mr Mihir Kumar Sen and Mr Chong Kim Weng, who resigned from the Board on 28 March 2001 and 30 May 2001, respectively. We are grateful for their contribution to the Company.

There have been some changes to the Board structure since the previous Annual General Meeting. Mr Robert Tan Chung Meng, the Joint Managing Director since 1995, was re-designated as the Managing Director of the Company with effect from 30 May 2001. Concurrently, Mr Tan Boon Seng has been re-designated as an Executive Director and was also appointed Chairman of the Executive Committee, while Mr Tan Boon Gark, has also been re-designated as an Executive Director.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I wish to express our appreciation to the management and staff for their dedication and commitment in the performance of their duties during the year and to our business associates, customers, tenants, financiers and shareholders for their strong and continued support. I also wish to record my thanks to my fellow Directors for their advice and support.

TAN SRI ABU TALIB BIN OTHMAN
Chairman
16 April 2002

Sri Bukit Persekutuan

REVIEW OF OPERATIONS

REVIEW OF OPERATIONS

Dear Shareholders,

The year under review saw the active pursuit of the Group's rationalization exercise with Tan & Tan. In this regard, I am pleased to report that the merger of the property development and investment business and subsidiaries of IGB and Tan & Tan has been successfully concluded. With this, may I assure shareholders that we will relentlessly continue to steer the Group firmly towards a steady and well charted growth with the single minded objective of creating and enhancing shareholders wealth.

The year presented many challenges to the Group's businesses in the light of highly competitive local and regional markets and the continued effects of the economic downturn together with difficult operating conditions. Despite the challenging economic circumstances, the Group managed to record another commendable performance. The pretax profit rose 35% to RM61.9 million from RM46.0 million previously, albeit revenue was 36% lower at RM199.9 million from RM312.5 million previously.

All the core business divisions within the Group showed increased contribution. For the property division, the Group's prime asset, the Mid Valley Megamall ('Megamall') was again the main contributor with gross rental income amounting to approximately RM88.0 million. The Megamall maintained its position as the most popular mega entertainment and shopping centre as amply demonstrated by its steady and sustained growth in revenue and profits, brought about by the selection of tenants, cultural and other exhibits, features, facilities and services that all combine to create a unique retail mix and theme attractive to consumers. As at the end of the financial year, 99% of the Megamall's lettable space had been leased. The Megamall recorded in excess of 18 million visitations in 2001 providing the basis for excellent trading conditions for retailers within the Megamall. It is indeed heartening to note that besides attracting the continued presence of shoppers and visitors, the Megamall has been the proud recipient of various awards during the year. The Megamall was bestowed with the 2001 FIABCI Awards of Distinction for Best Retail Development. This is a highly commendable achievement and reflects the success of our Megamall. The Megamall was also the recipient of the award for the 'Best Shopping Complex for Year 2000' organized by the Malaysian Tourism Promotion Board. Apart from both prestigious awards, the Megamall was named the Kuala Lumpur City Hall's Best and Cleanest Shopping Centre Award 2001. I must say that the outstanding result speaks well for the experienced management team of the Megamall which has successively demonstrated the effectiveness of applying sound marketing strategies and leasing initiatives to ensure the continued prosperity of the Megamall.

The earnings of the property division were also derived from the progressive billings of the Desa Damansara Phase 2 and sale of completed Signature Offices. Menara IGB also achieved a respectable occupancy rate which commensurate with prevailing market levels.

On the hotel front, competition remains intense for the Group's local and overseas hotels which are experiencing fall-outs following the aftermath of the September 11 terrorist attacks. However, Renaissance Hotel Kuala Lumpur and Pan Pacific Resort Pangkor continued to report healthy growth in both occupancies and room rates. The 646-rooms Cititel Mid Valley Hotel is proving to be a valuable additional revenue earner, enjoying 70% occupancy for its first operating year. Apart from the three local hotels, the Group also has interests in hotels in the United Kingdom, Myanmar and Vietnam. Despite the unforeseen operational encumbrances and the saturation of hotel rooms in their respective locations, the performance of the Group's hotel properties has overall improved for the year under review.

The Group continued to benefit from the performance of its associate company, IJM which continued to register credible improvement in performance. Construction division was the leading contributor to IJM's earnings. With its strong order book and the expectation of favourable crude palm oil price, IJM is expected to record another commendable results for the current financial year.

As shareholders are aware, the Company had disposed of its 21.44% equity interest in Ipoh Limited following a conditional general offer. Following the disposal, the profit contributions through equity accounting of investments in Ipoh Limited has effectively ceased.

A summary of the various core divisions performed during the year under review is as follows:

PROPERTY DEVELOPMENT

Mid Valley City
Sited on more than 50 acres of prime property, Mid Valley City is one of the largest urban development projects in the world. Phase 1 of the Mid Valley City, covering a gross floor area of 4.5 million sq. ft. is completed. Phase 1 comprises Mid Valley Megamall, Cititel Mid Valley Hotel, 30 Signature Offices and the Menara IGB office tower. These properties are now fully operational. The Signature Offices which had been fully sold have been handed over to the respective purchasers and many of whom have already moved in, or are in the process of fitting out. The units are expected to be progressively occupied by mid 2002.

Mindful of the importance of accessibility and convenience to our customers, plans are in place to further improve the surrounding infrastructure, road structure and upgrading works to the developments under Phase 1. The increase of car parking, public transport and other transportation modes are aimed at alleviating the traffic congestions and reducing ingress and egress times to the Mid Valley City.

At present, the Group is evaluating the remainder of the Mid Valley City site. Phase 2 of the development will see the balance of another 2.5 million nett sq. ft. of mixed development, and it is anticipated to come on stream before the close of this decade. Notwithstanding any unexpected or unforeseen setbacks to the economy, the Mid Valley City development will continue to contribute significantly to the Group's long term growth.

Mid Valley Condominium

The Group has also commenced construction of 450 apartments (Parcel 4 of the development) on the site adjoining the northern end of the Megamall. Sale of apartments is expected to commence in the first half of 2002. Due to the location and excellent accessibility of the Mid Valley City, the launch of these units is expected to be well received.

Desa Damansara Phase 2 Condominium

Desa Damansara Phase 2, an upmarket resort-style condominium with a clearly defined niche market, was officially launched in May 2000. The development, consisting of 132 units of 3 and 4-bedroom units housed in two tower blocks, is located at the prime residential area of Damansara Heights. The units of apartments are spacious in built up area with superior quality finishes and are enclaved in a securitized surrounding with natural landscaped garden and full recreational facilities. To-date about 70% of the units have been sold with construction works moving according to schedule. The project is expected to be completed in May 2003. By virtue of its prestigious locality, sales opportunities are envisaged to pick up as the economy gathers further momentum.

Kundang Jaya

The development of the 996 acres of land in Rawang by our 50% owned associate company, Kundang Properties Sdn Bhd continued to make further progress. 260 acres earmarked for industrial development had been completed and the industrial lots had been handed over to purchasers. Another 190 acres which has been converted from industrial development into affordably priced residential products is currently under construction. Phase 1A consisting of 141 units of single storey terrace houses was opened for sale in July 2001 and received good response from the public. To-date, 95% had been sold and is currently 65% developed. Phase 1B comprising of 127 units of double storey terrace houses was launched in November 2001, and 25% of the units has been sold to-date. The conversion for the remaining 546 acres into residential properties is still pending approval from the Authorities.

Federal Hills
Despite numerous impediments which have caused delay in the launch of this upmarket residential development on an 18-acres piece of land in the exclusive enclave in Federal Hills, consisting of distinctive mixed development - residential townhouses, bungalows, luxurious condominium and semi-detached houses, we are confident that this development would finally be launched during the year. This development, with freehold titles and located in a choice residential district, is expected to be met with equal enthusiasm from the public, and the Group should be able to derive substantial profit contribution from this project. Earthwork has commenced in January 2002.

INVESTMENT PROPERTIES

Mid Valley Megamall
The Mid Valley Megamall is the largest retail centre in Malaysia and is the first retail development to house three anchor tenants, 23 junior and mini anchors and 430 specialty shops over a net lettable area of 1.7 million sq.ft. and 7,000 parking bays distributed over 2.45 million sq. ft. Since its opening in November 1999, patronage to the Megamall has steadily increased and averages 1.5 million customers a month.

The Megamall is currently 99.5% occupied with tenants offering a comprehensive retail mix on five shopping floors. The shops at the Boulevard are 90% leased out and expected to be fully occupied by end 2002. The first batch of 156 tenancy renewals were completed in September 2001 with some of the retail mix upgraded to a higher mid-market position and rental increased to achieve higher gross rentals for the Megamall. Another 200 shop lots will be exercising their options to renew in November 2002.

Tenants in the Megamall continue to trade well and enjoy good sales given the high traffic volume and increased spending power of the customers. To win and keep these customers, the Megamall adopts aggressive promotional and strategic advertising campaigns and constantly improves upon the level of customer service. With several measures put in place to address the traffic management issue and a more efficient operating system, the Megamall should be able to sustain its present high level of business activity and continue to yield a steady stream of income in the future.

Peer recognition has also won the Megamall the international and local industry awards for its contribution to the retail industry in Malaysia. As mentioned earlier, the Megamall was accorded the FIABCI Award of Distinction 2001 for Best Retail Development; Kuala Lumpur City Hall's Best and Cleanest Shopping Centre Award 2001; and Malaysia Tourism Awards 2000 for the Best Shopping Centre category.

Menara IGB
Menara IGB, the latest addition to our investment property portfolio with a net lettable area of 213,000 sq. ft., standing 26-storey tall above the podium of the Megamall, houses the Group's head office and most of its subsidiaries. Menara IGB performed within expectation despite the overhang in the commercial property sector and suppressed rental market. Tenancies have been secured for a total of 172,000 sq. ft. or 80% of its net lettable area. Rental income increased to RM3.89 million from RM0.53 million previously.

HOTELS

Renaissance Kuala Lumpur Hotel

The Renaissance Kuala Lumpur Hotel performed well and achieved improved results over the comparable period in 2000. Year 2001 performance exceeded 2000 by 2.6% despite the increasingly competitive trading situation, further aggravated by the September 11 tragedy which caused a sharp drop of business for the following two months as a result of heavy room cancellations with consequently lower food and beverage sales.

Driven by the objective 'To Manage Market Mix', the hotel successfully increased by 4% its average room rate to RM163 against year 2000 and average occupancy rate to 68.5% which was an improvement of 19%.

Overall room inventory is expected to increase by 3,000 rooms within Klang Valley. Competitions will grow more intense with major entries of these 4 and 5 star hotels, scheduled for opening in the second half of 2002. With an insight of several major players who had recently renovated or had announced renovation and/or expansion plans, coupled with the influx in rooms inventory, management's strategy and plan will have to be promptly administered in order to capitalize on the opportunity presented.

The strategies developed for the year will be focused on the hotel's unique selling proposition to compete with the better positioned city hotels with aggressive marketing and sales strategies and activities so as to stay competitive, maintain market shares and thus ensuring revenue growth.

Pan Pacific Resort Pangkor

The Pan Pacific Resort Pangkor enjoyed higher occupancy level and room rate following management's aggressive marketing efforts and yield management strategies. The resort achieved an occupancy of 73.2%, which was 4.7% up compared to year 2000. Average room rate increased slightly by 4.8% when compared to 2000 despite uncertainty in the international market with the worldwide economic downturn. A stable base however has been forged for increases during year 2002 when the global economy stabilizes.

The platform for increased rates in 2001 was achieved through increases in the high volume Taiwanese sourced business and removal of added benefits in the European market. The domestic market has responded favorably to newspaper advertising which added value but at substantially higher rates than it was perceived the market would pay in the past. The inclusion of '*All Day Dining*' has increased the food and beverage spent per guest in the resort whilst adding a greater benefit for traveler. The conference room nights also continued to increase with the implementation of the 'value for money' meetings and conference packages.

The introduction of Revenue Management function in the resort has allowed rates to be enhanced during the peak periods and the low yield business directed to the slow periods. Management will broaden this function in 2002 to encompass the food and beverage operation especially the conference area.

In efforts to remain competitive and to enhance the value of the resort, the Group had commenced refurbishment and renovation on its rooms, decors and facilities during the year with the painting of the

Sea and Garden Wings, a new deck for the Hornbill restaurant, erosion prevention on the beachfront, cushions and increased numbers of deck chairs which had all contributed to greater customer satisfaction and assisted in the increased of room rates. The gift shop has been moved to a prominent location that has increased sales and the benefit of increased activities in the recreation area has also drawn more revenue.

In 2002, management will continue to strive for increases in revenue by attracting higher spending groups and individuals through selective techniques of Revenue Management. The introduction of plus plus (++) method of pricing will allow for increases in rates without obvious movement of individuals rates. It is essential for the resort to keep increasing the quality of the product through physical upgrade to give value for the increasing rate. Simultaneously, management will come up with customised products that are entirely responsive to market demand to maintain its strong position in the market.

Cititel Mid Valley Hotel

Adjacent to the Megamall is Cititel Mid Valley Hotel. This year is the first full year of operation for Cititel Mid Valley since its opening in September 2000. Positioned as the most business-friendly hotel in Kuala Lumpur with 646 rooms of standard and deluxe categories, Cititel Mid Valley is strategically located in the thriving shopping and business district of Mid Valley City. Patronage by tourists was strong and the hotel also enjoys repeat/regular customers. The hotel occupancy for the year 2001 closed at 70.3%. The event of September 11 had a slight impact on the hotel occupancy. However, room occupancy recovered quickly. Gross operating revenue for the year 2001 was RM20.6 million whilst the gross operating profit was RM8.6 million. Generally, the market acceptance of the product has been very positive and the key challenges for the hotel for the year 2002 is to continue to improve its service standards and in the general maintenance of the hotel. Pricing strategies vis-a-vis return on yield, the execution of marketing programmes and cost management will continue to be the key areas of focus.

St Giles Hotels

2001 proved to be the most challenging year for the London hotel sector since the Gulf War. Domestic food and mouth disease and September 11 combined to bring an end to the upbeat cycle seen in the late 90's, and London, in particular, bore the brunt of the downturn. The US market, which represents 28% of all inbound business to London disappeared. The Group's associate hotels, St Giles Hotel London and St Giles Hotel Heathrow performed as follows:

(a) St Giles Hotel, London

In year 2001, total revenue was £13.9 million compared with the prior year's £14.7 million. Overall average achieved rate was £62.98 (£62.79 in 2000) at an overall occupancy of 76.9% (80.9% in 2000). This yielded gross operating profit of £7.3 million (52.8%) versus £7.6 million (52.1%), a result that was only achieved by the management team implementing very strict cost control procedures.

The lack of demand for hotel rooms in London has created a price war forcing the hotel to discount its rates considerably to remain in parity with its competitors.

With the completion of the guestroom refurbishment project and the opening of the new meeting room suites, expectations for the year 2002 are sustained growth in the corporate market at an enhanced average rate.

(b) St Giles Hotel, Heathrow

In the year 2001, the hotel achieved £4.9 million in total sales versus £4.7 million in 2000. Overall occupancy was 58.9% at an overall average rate of £56.75. Gross operating profit was £2.3 million (45.9%) and pretax profit was £86k versus £120k in 2000. These figures have been achieved in a year of great turmoil and cost management has been essential since the effect of September 11.

For the year 2002, the marketing initiative will be to continue to build corporate awareness of the hotel, build up average rate by improving the business mix and further develop the web site (www.stgiles.com). External floodlighting has been introduced to make the local community more aware of the hotel building and external signs are to be improved. Outline planning approval is being sought for a further 100 guestrooms to be added to the existing site.

MiCasa Yangon

MiCasa Hotel Apartments, the Group associate hotel in Yangon, Myanmar, performed within expectation amidst the unfavourable economic climate and competitive trading environment. It achieved an occupancy rate of 67% in 2001 compared to 59% in 2000, with positive operating profit.

The poor market condition is expected to continue into the financial year 2002. The hotel has realigned its market focus to non-governmental organizations and embassies in view of the country's progressive improvement in cooperation with the international community. Nonetheless, cost saving measures and operational efficiency improvement will continue to be given focus.

New World Saigon

The performance of the New World Saigon in Ho Chi Minh City, Vietnam also showed an improvement over the comparable period in 2000 although the Vietnam market is still experiencing considerable slowdown due to low investment growth and the glut of hotel rooms. The better performance was achieved through a more focused and aggressive marketing efforts and promotions. The year to date sales are up by USD1.09 million or 9.8% benefiting from increase in rooms revenue. A special package has been successfully extended to overseas Vietnamese for their coming Lunar New Year celebration. Total revenue for 2001 was USD12.2 million, compared to USD11.1 million in 2000, whilst occupancy at the hotel reached 68.3% from 58.0% in 2001. Management will continue to place great emphasis on cost saving measures and optimizing market share while maintaining efficient service levels.

CONSTRUCTION

IJM, the Group's 20.19% investment in the construction sector, performed remarkably well for the year under review. IJM's pretax profit surged 77% to RM210.41 million on a 39% rise in revenue to RM857.4 million. The improved results were contributed mainly by the gain on disposal of its long term overseas investments, and profit growth from its construction, property development, manufacturing and quarrying as well as plantation divisions.

The construction division maintained the mainstay of the group and account for 58.6% of its pretax profit. All other operating divisions, namely property development, plantations, manufacturing and quarrying also showed improvement and maintained their positive contribution to the group.

During the financial year 2001, the construction division secured a record RM1.77 billion worth of construction contracts locally as well as overseas. Additionally, the leading position of IJM in the industry was highlighted by the Builder of the Year 2001 Award conferred by the Construction Industry Development Board.

The year 2001 saw the completion and handing over of eight construction projects to clients. Notable projects completed include the Pelabuhan Tanjung Pelepas Rail Link Project in Johor; Pantai Medical Centre Extension in Bukit Pantai, Kuala Lumpur and Chennai Bypass Phase 1 (connecting NH-4 and Nh-5) in Tamil Nadu State, India.

CORPORATE PLANS AND DIRECTION

In line with the new corporate directions set forth in the Merger, the Group had reviewed its activities, strategies and resources to rationalize its core businesses into strategic business groupings to improve management efficiency, operational streamlining and the realization of synergies in a more effective manner as well as to bring each division forward to fit in with the Group's long term growth objectives. The Group's businesses have henceforth been strategized into distinct divisions such as, property investment, property development, property management, construction management and hotel. Property development and property management will spearhead the drive by the Group to enhance its profitability and will be joined by the Group's other core businesses of property investment, construction management and hotel operations. Those non-core businesses will be sold or downsized. At the same time, new business ventures and opportunities, complementary or synergistic to the Group, will continuously and proactively be pursued to widen the Group's earnings base.

With the above objective in mind, high on the Group's agenda are efforts directed at strengthening IGB from within and shaping a stronger future for the Group. To this end, the Group has intensified its review directed towards maximizing value and returns from its assets. The Group will also continually review all growth opportunities to ensure they meet the strict criteria in terms of investment return and impact on the Group's financial position.

In the Group's continuing drive for constant expansion and development, uppermost on the list of activities planned are to develop the balance of the existing site in Mid Valley City into its second phase as well as to expand the hotel chains under the Cititel brand. Plans are in place to expand the flagship of the Mid Valley Megamall to build a 'slightly higher class shopping mall' as an extension to the existing structure, with the objective to increase visitations and add value to the centre. The expansion is also consistent with the Group's strategy to diversify its earning base by venturing into property investments with sustained rental income. I must say that the unwavering support that we continue to enjoy from our customers is undoubtedly the strongest motivating factor for our proposed expansion, and the Group shall remain committed to position the Mid Valley Megamall as the premier shopping centre in the industry and country.

The luxury hotel market has become more competitive with an altogether familiar scenario of frequent influxes of new hotels into an already oversupplied market. As a first step towards meeting this competition, the Group will undertake to reposition its hotels. The idea of re-positioning is to strengthen and perpetuate 'Cititel' as a brand identity to dominate the mid range business hotel chains. The plan to expand the business class Cititel chain will lead to active pursuit of acquiring budget hotels in the region and Europe.

Property development will remain the main stay of the Group's business revenue. However, the right mix of exposure in commercial entities and hotels will further boost earnings and provide a consistent and growing earnings stream to the Group. More importantly, it will position us favorably to benefit from the recurring rental profits and cash flow to fund development activities as well as to give the Group the breather necessary to ride out any ripples in the economy in the future.

Notwithstanding the above, the Group is committed to ensuring that all its core business activities are able to meet the challenges arising from the vicissitude of the ever-changing business environment. Quality management, strong corporate values and business dynamism shall continue to be the driving force to ensure the core businesses remain at the forefront of their respective industries.

Premised on the above therefore, the Group is well poised to improve upon its performance, and 2002 should show a growth in profit barring adverse developments in the regional and global economies.

CONCLUSION

I would like to thank my colleagues on the Board, the management team and staff of all levels for their unabated dedication and good work. The co-operation and support of all of you in accepting the corporate reorganization will further augment our way forward. Together, we shall work towards setting new directions for the Group and to propel IGB towards its new destiny. I look forward to an exciting year in 2002 as we pursue new challenges ahead.

Robert Tan Chung Meng
Managing Director
16 April 2002

Leisure & Entertaiment at Mid Valley Megamall

ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2002

ANALYSIS OF SHAREHOLDINGS
as at 1 April 2002

SHARE CAPITAL

Authorized Share Capital	:	RM1,200,000,000
Issued and Paid-Up Capital	:	RM296,994,755-50
Class of Shares	:	2,000,000,000 Ordinary Shares of RM0.50 each and 200,000,000 Irredeemable Convertible Preference Shares 2002/2007 of RM1.00 each
Voting Rights	:	One vote per Ordinary Share

Distribution of Shareholdings

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 1,000	578	2.49	265,766	0.04
1,000 to 10,000	20,102	86.56	69,112,279	11.64
10,001 to 100,000	2,375	10.23	59,099,854	9.95
100,001 to less than 5% of issued shares	163	0.70	232,151,151	39.08
5% and above of issued shares	4	0.02	233,360,461	39.29
Total	**23,222**	**100.00**	**593,989,511**	**100.00**

Substantial Shareholders (excluding Bare Trustees) as per the Register of Substantial Shareholders

	Number of Shares			
	Direct	**% of Shares**	**Deemed**	**% of Shares**
1. Tan & Tan Developments Berhad	146,867,702	24.73	18,000,000	3.03
2. Amanah Raya Nominees (Tempatan) Sdn Bhd for Skim Amanah Saham Bumiputera	81,000,000	13.64	-	-
3. Insas Berhad	-	-	44,277,000	7.45
4. Dato' Tan Chin Nam	2,463,750	0.41	205,298,771	34.56
5. Robert Tan Chung Meng	186,000	0.03	203,946,771	34.34
6. Pauline Tan Suat Ming	78,125	0.01	177,204,369	29.83
7. Tony Tan Choon Keat	-	-	177,204,369	29.83
8. Tan Chin Nam Sdn Bhd	4,200,250	0.71	176,284,119	29.68
9. Tan Kim Yeow Sdn Bhd	1,837,000	0.31	175,367,369	29.52
10. Wah Seong (Malaya) Trading Co. Sdn Bhd	3,263,887	0.55	171,092,232	28.80
11. Employees Provident Fund Board	29,917,750	5.04	4,438,325	0.75

ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2002

Thirty Largest Shareholders as per the Register of Members and the Record of Depositors

		No. of Shares	% of Shares
1.	Amanah Raya Nominees (Tempatan) Sdn Bhd for Skim Amanah Saham Bumiputera	81,000,000	13.64
2.	RHB Capital Nominees (Tempatan) Sdn Bhd for Tan & Tan Developments Berhad	70,787,461	11.92
3.	Citicorp Nominees (Tempatan) Sdn Bhd for Tan & Tan Developments Berhad	51,636,250	8.69
4.	Employees Provident Fund	29,936,750	5.04
5.	IJM Corporation Berhad	24,735,000	4.16
6.	Tan & Tan Developments Berhad	24,443,991	4.12
7.	Multistock Sdn Bhd	18,000,000	3.03
8.	Insas Plaza Sdn Bhd	15,033,500	2.53
9.	Permodalan Nasional Berhad	14,404,999	2.43
10.	Malaysia Nominees (Tempatan) Sendirian Berhad for Great Eastern Life Assurance (Malaysia) Berhad	10,130,000	1.71
11.	M & A Nominee (Asing) Sdn Bhd for M&A Securities (HK) Ltd/ M&A Investments Pte Ltd	10,000,000	1.68
12.	HSBC Nominees (Asing) Sdn Bhd for HRBS SG/Kenderlay Ltd	7,912,000	1.33
13.	M & A Nominee (Asing) Sdn Bhd for M&A Securities (HK) Ltd/ M&A Investments International Ltd	7,000,000	1.18
14.	M & A Nominee (Asing) Sdn Bhd for M&A Securities (HK) Ltd/ Dawnfield Pte Ltd	6,500,000	1.09
15.	M & A Nominee (Asing) Sdn Bhd for M&A Securities (HK) Ltd/ Pedigree Limited	4,319,000	0.73
16.	M & A Nominee (Asing) Sdn Bhd for M&A Securities (HK) Ltd/ Montego Assets Limited	4,088,500	0.69
17.	Tan Chin Nam Sdn Bhd	3,959,000	0.67
18.	SLW Sdn Bhd	3,936,458	0.66
19.	SPI Pte Ltd	3,492,500	0.59
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd for PHEIM Asset Management Sdn Bhd/Employees Provident Fund Board	3,482,000	0.59
21.	Mayban Nominees (Asing) Sdn Bhd for DBS Bank/Timbarra Services Limited (200894)	3,307,500	0.56
22.	Pertubuhan Keselamatan Sosial	3,014,582	0.51
23.	Wah Seong (Malaya) Trading Co. Sdn Bhd	2,800,137	0.47
24.	Wah Seong Enterprises Sdn Bhd	2,561,405	0.43
25.	BBL Nominees (Tempatan) Sdn Bhd for Dato' Tan Chin Nam (100171)	2,413,750	0.41

ANALYSIS OF SHAREHOLDINGS
as at 1 April 2002

		No. of Shares	% of Shares
26.	Tentang Emas Sdn Bhd	2,357,500	0.40
27.	Eng Nominees (Asing) Sdn Bhd for OCBC Securities Private Limited/Hexacon Construction Pte Ltd	1,998,750	0.34
28.	Scanstell Sdn Bhd	1,928,000	0.32
29.	Tan Kim Yeow Sdn Bhd	1,837,000	0.31
30.	Citicorp Nominees (Tempatan) Sdn Bhd for Prudential Assurance Malaysia Berhad	1,806,250	0.30

ANALYSIS OF WARRANTHOLDINGS AS AT 1 APRIL 2002

WARRANTS 1999/2004

Issued : RM118,558,714
Outstanding : RM118,558,214

Distribution of Warrantholdings

Range of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Warrants	% of Warrants
Less than 1,000	709	8.06	315,656	0.27
1,000 to 10,000	7,206	81.93	20,699,262	17.46
10,001 to 100,000	807	9.18	22,554,046	19.02
100,001 to less than 5% of outstanding warrants	71	0.81	37,977,250	32.03
5% and above of outstanding warrants	2	0.02	37,012,000	31.22
Total	8,795	100.00	118,558,214	100.00

Thirty Largest Warrantholders as per the Record of Depositors

		No. of Warrants	% of Warrants
1.	RHB Capital Nominees (Tempatan) Sdn Bhd for Tan & Tan Developments Berhad	23,372,000	19.71
2.	Citicorp Nominees (Tempatan) Sdn Bhd for Tan & Tan Developments Berhad	13,640,000	11.50
3.	Multistock Sdn Bhd	5,265,000	4.44
4.	IJM Corporation Berhad	4,947,000	4.17
5.	Wah Seong (Malaya) Trading Co. Sdn Bhd	2,408,137	2.03
6.	HSBC Nominees (Asing) Sdn Bhd for HRBS SG for Kenderlay Ltd	2,312,000	1.95
7.	Tan Chin Nam Sdn Bhd	2,234,000	1.88
8.	Employees Provident Fund	2,033,750	1.72
9.	Chan Boon Hwee	1,800,000	1.52
10.	Tan Chin Nam	1,282,750	1.08
11.	Tan Kim Yeow Sdn Bhd	1,169,000	0.99

ANALYSIS OF WARRANTHOLDINGS as at 1 April 2002

		No. of Warrants	% of Warrants
12.	Mayban Nominees (Asing) Sdn Bhd for DBS Bank for Timbarra Services Limited (200894)	998,500	0.84
13.	SLW Sdn Bhd	787,291	0.66
14.	SPI Pte Ltd	698,500	0.59
15.	BAM Nominees (Tempatan) Sdn Bhd for Kumpulan Wang Simpanan Pekerja for Lee Chee Keong (EP0173)	663,000	0.56
16.	Wah Seong Enterprises Sdn Bhd	512,281	0.43
17.	Tentang Emas Sdn Bhd	471,500	0.40
18.	Citicorp Nominees (Tempatan) Sdn Bhd for Susy Ding (471873)	424,000	0.36
19.	Scanstell Sdn Bhd	386,000	0.33
20.	Pertubuhan Keselamatan Sosial	362,916	0.31
21.	HDM Nominees (Tempatan) Sdn Bhd for Saw Kok Leng (MEMO)	320,000	0.27
22.	Eng Nominees (Asing) Sdn Bhd for OCBC Securities Private Limited/ Hexacon Construction Pte Ltd	311,750	0.26
23.	Richard Teh Lip Heong	311,250	0.26
24.	Malaysia Nominees (Tempatan) Sendirian Berhad for Malaysian Trustees Berhad/Alliance Vision Fund (00-10033-000)	300,000	0.25
25.	TCL Nominees (Asing) Sdn Bhd for OCBC Securities (Hong Kong) Ltd/Rize Consultants Ltd	300,000	0.25
26.	Hong Leong Finance Berhad for Soin Chee Hong	300,000	0.25
27.	Teh Hoo Kim	281,000	0.24
28.	Tan An Huat	274,000	0.23
29.	Botly Nominees (Tempatan) Sdn Bhd for Loh Tuck Moon	270,000	0.23
30.	Cartaban Nominees (Asing) Sdn Bhd for SSBT Fund TC45/ California State Teachers Retirement System	223,250	0.19

Artist Impression of Desa Damansara 2

5 YEARS GROUP FINANCIAL HIGHLIGHTS

5 YEARS GROUP FINANCIAL HIGHLIGHTS

		1997	1998	1999	2000	2001
TURNOVER	RM '000	112,432	77,217	131,068	312,505	199,880
PROFIT BEFORE TAXATION	RM '000	124,383	16,510	32,309	45,951	61,926
EARNINGS FOR THE YEAR	RM '000	99,965	5,890	25,919	21,562	50,474
ISSUED SHARE CAPITAL (RM0.50)	RM '000	237,116	237,117	296,397	296,977	296,995
SHAREHOLDERS' FUNDS	RM '000	1,082,010	1,079,434	1,223,353	1,234,933	1,275,900
TOTAL ASSETS	RM '000	1,731,435	1,965,540	2,244,467	2,072,933	2,101,911
EARNINGS PER SHARE *	sen	21.1	1.2	5.5	3.6	8.5
NET TANGIBLE ASSET PER SHARE	RM	2.3	2.3	2.1	2.1	2.1
GROSS DIVIDENDS PER SHARE	sen	5.0	1.0	1.0	2.5	2.5
DIVIDEND RATE	%	10.0	2.0	2.0	5.0	5.0

* Based on weighted average number of shares in issue during the year