Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting of IGB Corporation Berhad ('IGB' or 'the Company') will be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Thursday, 31 May 2007 at 3.00 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2006 and the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To sanction the declaration of a final dividend of 5% tax exempt for the financial year ended 31 December 2006. (Resolution 2)

3. To re-elect the following Directors who retire in accordance with Article 85 of the Company's Articles of Association:

   (a) Tan Lei Cheng (Resolution 3)
   (b) Tan Boon Lee (Resolution 4)
   (c) Tony Tan @ Choon Keat (Resolution 5)
   (d) Tan Kai Seng (Resolution 6)

4. To re-appoint Messrs. PricewaterhouseCoopers as auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

5. To approve the Directors' fees of RM240,000 per annum. (Resolution 8)

AS SPECIAL BUSINESS

6. To consider and if thought fit, pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965 ('Act'):

   "THAT Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman, a Director who retires pursuant to Section 129(2) of the Act be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next annual general meeting of the Company." (Resolution 9)

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

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

   "THAT pursuant to Section 132D of the Act, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being." (Resolution 10)

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

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

   (i) the aggregate number of shares which may be purchased by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed 10% of the total issued and paid-up share capital of the Company;

   (ii) the amount of funds to be allocated by the Company pursuant to the Share Buy-Back Mandate shall not exceed the retained earnings and share premium of the Company as at 31 December 2006; and

(iii) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate to be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or cancelled.

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

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Share Buy-Back Mandate." (Resolution 11)

(c) Renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

"THAT the Company and/or its subsidiaries (the 'Group') be and is/are hereby authorised to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of the Group ('Related Parties') as specified in Section 2.2.1 of the Statement/Circular dated 30 April 2007, provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to Related Parties than those generally available to public; and

(iv) are not to the detriment of minority shareholders

(the 'RRPT Mandate');

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

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the RRPT Mandate." (Resolution 12)

8. To consider and if thought fit, pass the following special resolution:

Proposed amendments to the Articles of Association of the Company

"THAT the alterations, modifications or additions to the Articles of Association of the Company as set out in Appendix B of the Statement/Circular dated 30 April 2007 be and are hereby approved." (Resolution 13)

By Order of the Board

Tina Chan
MAICSA 7001659
Company Secretary

Kuala Lumpur
30 April 2007

Notes:

(1) Appointment of proxy

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A member shall be entitled to appoint more than one proxy to attend and vote at the meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of holdings to be represented by each proxy. In the case of a corporate member, the proxy form must be either under its common seal or under the hand of its attorney. The proxy form must be deposited at the Registered Office at Penthouse, Menara IGB, No.1, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time set for the meeting.

(2) Declaration of Final Dividend

The Final Dividend of 5% tax exempt, if approved, shall be paid on 13 July 2007 to depositors registered in the Record of Depositors at the close of business on 13 June 2007.

(3) Retirement of Directors

The particulars of all Directors including those seeking re-election (Resolutions 3, 4, 5, 6 and 9) are set out in the Profile of Directors and their securities holdings in the Company and related corporation are presented in the Statement of Directors' Interests of the Annual Report 2006.

(4) Explanatory notes on Special Business:

(a) Re-appointment of Director in accordance with Section 129(6) of the Act

The re-appointment of Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next annual general meeting of the Company shall take effect if Resolution 9 has been passed by majority of not less than 3/4 of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.

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

Resolution 10, if approved, will renew the authorisation obtained at the last annual general meeting, pursuant to Section 132D of the Act, for issuance of up to 10% of the issued share capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

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

Resolution 11, if approved, will empower the Directors of the Company to purchase the Company's shares up to 10% of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained earnings and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

(d) Renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

Resolution 12, if approved, will allow the Group to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations.

(e) Proposed amendments to the Articles of Association of the Company

Resolution 13 is to align the Company's Articles of Association with the amendments of the Listing Requirements pursuant to Bursa Securities' letters dated 14 December 2006 and 9 April 2007.

Further information on the renewal of Share Buy-Back Mandate, RRPT Mandate and Proposed Amendments of Articles is set out in the Statement/Circular dated 30 April 2007 which is dispatched with the Annual Report 2006.

Corporate Information

Board of Directors

- Tan Sri Abu Talib bin Othman
  Independent Non-Executive Chairman
- Robert Tan Chung Meng
  Managing Director
- Tan Boon Seng
  Executive Director
- Tan Boon Lee
  Executive Director
- Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman
  Senior Independent Non-Executive Director
- Tan Kai Seng
  Independent Non-Executive Director
- Yeoh Chong Swee
  Independent Non-Executive Director
- Tan Lei Cheng
  Non-Independent Non-Executive Director
- Pauline Tan Suat Ming
  Non-Independent Non-Executive Director
- Tony Tan @ Choon Keat
  Non-Independent Non-Executive Director
- Datuk Abdul Habib bin Mansur
  Non-Independent Non-Executive Director
- Harun bin Hashim Mohd
  Non-Independent Non-Executive Director
- Chua Seng Yong
  Alternate to Managing Director

Company Secretary

Tina Chan Lai Yin

Auditors

PricewaterhouseCoopers
11th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur
Telephone : 603-26931077
Telefax : 603-26930997

Share Registrar

IGB Corporation Berhad
(Share Registration Department)
23rd Floor, Menara IGB
No. 1, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 603-22898989
Telefax : 603-22898983

Principal Bankers

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

Registered Office

Penthouse, Menara IGB
No. 1, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 603-22898989
Telefax : 603-22898802

Stock Exchange Listing

Listed on Main Board of Bursa Malaysia Securities Berhad
on 10 September 1981
Stock Code : 1597
Stock Name : IGB

Profile of Directors

TAN SRI ABU TALIB BIN OTHMAN

Tan Sri Abu Talib, aged 69, is an Independent Non-Executive Director and the Chairman of IGB. He joined the Board on 18 July 1995 and was appointed the Chairman on 30 May 2001. He is also the Chairman of the Nomination and Remuneration Committees.

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

Tan Sri is presently the Chairman of British American Tobacco (Malaysia) Berhad, Sime Darby Berhad, CYL Corporation Berhad and MUI Continental Insurance Berhad. He is also a director of Alliance Unit Trust Management Berhad and Alliance Capital Asset Management Sdn. Bhd.

ROBERT TAN CHUNG MENG

Mr Robert Tan, aged 55, was appointed Joint Managing Director of IGB on 18 December 1995 and subsequently re-designated as Managing Director on 30 May 2001. He is also a member of the Exco, Audit, Remuneration, Risk Management and Share & ESOS Committees.

Mr Robert Tan has vast experience in the property and hotel industry. After studying Business Administration in the United Kingdom, he was attached to a Chartered Surveyor's firm for a year. He has also developed a housing project in Central London before returning to Malaysia. He has been involved in various development projects carried out by IGB and Tan & Tan Developments Berhad, in particular the Mid Valley project.

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

TAN BOON SENG

Mr Tan Boon Seng, aged 52, joined IGB in 1980 as General Manager. He was appointed to the Board on 20 December 1990, Managing Director in 1991, re-designated to Joint Managing Director in 1995, and subsequently re-designated as Executive Director on 30 May 2001. He is the Chairman of the Exco and a member of the Risk Management and Share & ESOS Committees.

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

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

TAN BOON LEE

Mr Tan Boon Lee, aged 43, joined the Board of IGB on 10 June 2003 as an Executive Director. He is the Chief Executive Officer of the Hotel division, and is also a member of the Exco, Risk Management and Share & ESOS Committees.

Mr Tan holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 19 years experience in the property and hotel industry, providing management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was the President of the Malaysian Association of Hotel Owners ("MAHO") from 2002 to 2004.

He also sits on the Boards of KrisAssets Holdings Berhad, Goldis Berhad, Tan & Tan Developments Berhad and Macro Kiosk Berhad.

TAN SRI DATO' SERI KHALID AHMAD BIN SULAIMAN

Tan Sri Dato' Seri Khalid Ahmad, aged 71, is the Senior Independent Non-Executive Director. He was appointed to the Board of IGB on 18 June 1982. He is the Chairman of the Audit Committee, and a member of the Nomination Committee.

Tan Sri Dato' Seri Khalid Ahmad studied at the University of Leicester, England and was called to the Bar at Middle Temple in 1964. He worked as Legal Advisor to the statutory body ("MARA") for three years prior to setting up his own legal practice in Penang in 1969. He was also the senior member of the Penang State Executive Councillor from 1974 to 1982. Presently, he is the Chairman of the Advocates & Solicitors Disciplinary Board.

His directorships in other public listed companies include Hong Leong Credit Berhad and HLG Capital Berhad.

TAN LEI CHENG

Mdm Tan Lei Cheng, aged 50, is a Non-Independent Non-Executive Director. She was appointed to the Board on 10 June 2003.

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

She has 25 years of experience in the property industry and the corporate sector. She was the Chief Executive Officer of Tan & Tan Developments Berhad from March 1995, a property development company that was listed on Bursa Malaysia Securities Berhad until Goldis Berhad took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan Developments Berhad and Goldis Berhad. She is presently the Executive Chairman and Chief Executive Officer of Goldis Berhad. She also sits on the Boards of KrisAssets Holdings Berhad, Tan & Tan Developments Berhad and Macro Kiosk Berhad. She is a member of the Young Presidents' Organisation, Malaysia Chapter ("YPO"). YPO is a premier international network of young business leaders that is dedicated to the continuing education of its members. She is also a board member of the Kuala Lumpur Business Club.

PAULINE TAN SUAT MING

Mdm Pauline Tan, aged 62, is a Non-Independent Non-Executive Director. She was appointed to the Board on 10 June 2003. She is also a member of the Exco, Risk Management and Nomination Committees.

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

Her directorships in other public listed companies include Wah Seong Corporation Berhad and Goldis Berhad.

TONY TAN @ CHOON KEAT

Mr Tony Tan, aged 58, is a Non-Independent Non-Executive Director. He was appointed to the Board on 15 July 2003.

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 until 2000 and Deputy Chairman until 2005.

TAN KAI SENG

Mr Tan Kai Seng, aged 56, is an Independent Non-Executive Director. He was appointed to the Board on 15 July 2003 and is a member of the Audit Committee.

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

DATUK ABDUL HABIB BIN MANSUR

Datuk Abdul Habib, aged 63, is a Non-Independent Non-Executive Director. He was appointed to the Board on 13 June 2003.

Datuk Abdul Habib holds a Bachelor of Arts (Honours) from the University of Malaya, Malaysia, an Advance Diploma in Development Administration from the University of Manchester, England and a Masters in Public Policy and Administration from the University of Wisconsin, USA. He has 31 years experience in both State and Federal levels of administration when he joined the Administrative and Diplomatic Service. His last posting was the State Secretary of Perak from 1995 to 1999 before he retired.

YEOH CHONG SWEE

Mr Yeoh Chong Swee, aged 64, is an Independent Non-Executive Director. He was appointed to the Board on 1 June 2004 and is a member of the Audit and Remuneration Committees.

Mr Yeoh is a Chartered Secretary and a Fellow of the Australian and Malaysian Institute of Taxation and a Fellow of the Association of Accounting Technicians, United Kingdom. He was the Managing Director and Chief Executive Officer of Deloitte KassimChan Tax Services Sdn Bhd and Deloitte Touche Tohmatsu Tax Services Sdn Bhd from 1977 to 2004.

HARUN BIN HASHIM MOHD

Encik Harun, aged 58, is a Non-Independent Non-Executive Director. He was appointed to the Board on 3 June 2005.

Encik Harun holds a Masters of Arts in Public Policy and Administration (Economics) from the University of Wisconsin, United States of America and a Bachelor of Arts (Economics) from the University of Malaya, Malaysia. He started his career with the Ministry of Agriculture in 1972 for two years. Thereafter he joined the Economics Planning Unit of the Prime Minister's Department in 1974 where he held various senior positions in several divisions and sections. He left the Department in 1993 to join Perbadanan Usahawan Nasional Berhad as General Manager from May 1993 until May 1995, and then was with Malaysian Resources Corporation Berhad till October 1996. He is currently the Executive Director of Gunung Kabel Sdn Bhd.

He also sits on the Board of Goldis Berhad.

CHUA SENG YONG

Mr Chua Seng Yong, aged 45, is the Executive Assistant to the Managing Director. He joined IGB as Financial Controller in 1994 and has more than 20 years experience in the property and hotel industry. He was appointed the alternate Director to the Managing Director on 30 November 1999.

Mr Chua holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He is also an associate member of the Australia Society of Accountants.

Notes:
1. All Directors are Malaysian except Mr Tan Kai Seng, who is a Singaporean.
2. All Directors do not have any family relationships with other Directors and/or Major Shareholders of the Company save for Robert Tan Chung Meng, Tan Boon Seng, Tan Lei Cheng, Tan Boon Lee, Pauline Tan Suat Ming and Tony Tan @ Choon Keat.
3. None of the Directors has any personal interests in any business arrangement involving the Company.
4. All Directors have not been convicted of any offence.
5. All Directors attended all the 4 Board meetings held in the year ended 31 December 2006.

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the Annual Report and the Audited Financial Statements of the Group for financial year ended 31 December 2006.

FINANCIAL RESULTS

For the year in review, Group revenue was RM719.0 million, an increase of 16.0% from RM619.7 million in 2005, with pre-tax profit at RM202.0 million, up 29.2% from RM156.3 million. All three divisions also turned in positive performances, with Property Development recording revenue of RM383.1 million; Property Investment, RM209.7 million; and Hotel, RM120.7 million.

DIVIDEND

I am pleased to announce the Board of Directors has proposed a final dividend of 5.0% tax exempt.

OPERATIONAL HIGHLIGHTS

The year in review saw the completion and handing over of Mid Valley City's Northpoint Office Suites and Residences in June 2006. Meanwhile, Mid Valley Megamall remains a favourite destination for shopping and recreation in the Klang Valley. In the second half of 2006, the Group launched the exclusive low-rise, low-density U-Thant Residence for which response has been very positive. The Hotel division chalked up excellent results and Pangkor Island Beach Resort was named by the Expatriate Lifestyle magazine as the 'Best Beach Resort (Malaysia) 2006'. The Construction division was also kept busy with various in-house projects under the Mid Valley City and Tan & Tan Developments Berhad ("Tan & Tan") stable. And last but not least, properties under Property Management continued to enjoy healthy occupancy rates of 90% and above.

PROSPECTS

The Group is well-positioned to tackle the challenges ahead with its core businesses broad-based enough to counter any unforeseen obstacles that may occur. We anticipate a growth in recurrent income as more properties come on-stream and the portfolio grows accordingly. In January 2007, Mid Valley City delivered the 19-storey Centrepoint South while we look forward to the launch of its upmarket shopping gallery, The Gardens, in September 2007.

A more positive outlook in the high-end and niche property market bodes well for property development arm, Tan & Tan whose current listing of projects includes the Cendana on Sultan Ismail, Hampshire Place, U-Thant Residence and Laman Sierramas West.

For Malaysia's hospitality and retail industry, Visit Malaysia Year 2007 is poised to be a landmark year with over 20 million visitor arrivals targeted. As established players in the market, our hotel and retail properties are set to participate in, and benefit from, this year-long celebration.

ACKNOWLEDGEMENT & APPRECIATION

I take this opportunity to express thanks and appreciation to the relevant authorities for their continued cooperation and assistance. To the management and staff, your hardwork and commitment to the Group's goals are much appreciated and to my fellow Board members, thank you for your support and counsel during the year.

TAN SRI ABU TALIB BIN OTHMAN
Chairman

19 April 2007

Review of Operations

Dear Shareholders,

Financial year ended 31 December 2006 was commendable, with Group revenue at RM719.0 million, up 16.0% from the previous year's RM619.7 million. Pre-tax profit was also up by 29.2% to RM202.0 million from RM156.3 million.

The Directors have proposed a final dividend of 5.0% tax exempt for the year in review.

PROPERTY DEVELOPMENT

Despite generally quiet market conditions, the Property Development division continued to perform well, contributing 53.3% to Group turnover by division with a revenue of RM383.1 million, some 35.0% above 2005. Segment results before finance costs and tax were also higher than 2005 levels by 63% at RM110.8 million.

Mid Valley City's Northpoint Office Suites and Residences, launched in 2004, and which achieved 100% take up with sales of RM308 million, was handed over to purchasers in June 2006. The 22-storey tower of 204 office suites and 228 residences offers a superior product for people who enjoy the convenience of living close to the office. For our Seri Maya development, sales for the Havanna and Savanna units touched 100% and 95% respectively. Havanna was handed over in October 2006 with completion of the 3-bedroom and 3+1 bedroom Savanna city homes expected to be ahead of schedule, in August 2007.

Launched in August 2006 was a new offering U-Thant Residence, in the diplomatic enclave of U-Thant. The low-density, low-rise development comprising 77 units have been well received with sales reaching 82% within five months.

For existing projects, of note is Cendana on Sultan Ismail, the Group's tallest development at 45 storeys. Take-up at 82% has resulted in sales of RM218 million. Construction has reached level 39 and is on schedule for completion by January 2008.

During the year, we were nominated as the runner-up in The Edge publication's Top Ten Property Developers Awards, moving up a notch from 2005.

RETAIL

Maintaining its position as one of Klang Valley's most dominant retail developments, Mid Valley Megamall recorded visitor flows in excess of 28 million in 2006. Occupancy remains at 100% with 89 tenancy renewals concluded and 13 new tenants secured, adding renown brands such as GapKids, French Connection, Folli Follie and Timberland to the roster. Pre-tax profit was RM65.9 million on the back of revenue of RM187.2 million.

Cognisant of the competitive retail environment, over RM7.0 million was invested in upgrading activities to improve and enhance the mall environment. A comprehensive store renovation and upgrading programme was initiated to uplift the image of stores and to make the shopping experience more interesting and enjoyable. In addition, the Megamall continued with its aggressive line-up of marketing and promotional activities, supported by themed and strong-concept in-house events.

The development of The Gardens at Mid Valley is on schedule for its targeted opening in September 2007. This high-end project has been conceived to complement the ongoing success of the Megamall but will tap into different market segments, extending Mid Valley's shopping reach to a larger and more significant market. The Gardens' upscale retail offer, anchored by the Isetan and Robinsons department stores, will be primarily 'fashion focused', complemented by exclusive lifestyle shopping precincts and some of the city's finest dining destinations. Leasing targets have been achieved and are consistent with revenue expectations for the project. Construction of the retail podium was completed in December 2006 and the four mixed-use towers are well under way. In addition to the shopping gallery, The Gardens will boast a five-star hotel with two towers; one an all-suite hotel and the other, apartments, with both opening in the first quarter of 2008, and two premium office towers. Together, this prestigious mixed-used offering will transform Mid Valley City into a vibrant, exciting and active alternative city centre for Kuala Lumpur.

HOTEL

The Hotel division continued to perform above expectations for financial year ended 31 December 2006.

For the local hotels, most of the properties enjoyed higher room rates as well as occupancy. With Visit Malaysia Year 2007 well underway, all sectors in the tourism industry are working closely with Tourism Malaysia to ensure a record year in both tourist arrivals and tourism spending. Towards this end, we completed renovation of all 550 standard rooms in Cititel Hotel as well as the Executive Lounge and 2-bedroom suites at the Boulevard Hotel. On Pangkor Island Beach Resort, we added a new recreational attraction; a 3-hole golf course, to existing amenities. The property was lauded when it was named by the Expatriate Lifestyle magazine as the "Best Beach Resort (Malaysia) 2006."

Overseas, our properties continued to enjoy brisk business and to turn in commendable performances. The exception being MiCasa Yangon whose performance has been affected as a result of the international embargo and recent UN resolution calling for democratic elections.

PROPERTY MANAGEMENT

The division continued to maintain a healthy occupancy rate for the various properties under its purview. Menara IGB is enjoying 99%; AmpWalk; 98%, Menara Tan & Tan; 91%, and Plaza Permata; 93%. Occupancy for the 19-storey Centrepoint South at Mid Valley City launched in April 2006 and completed in January 2007, has already reached 90%.

CONSTRUCTION

For the year in review, the Construction division continued to focus on in-house projects, in particular the RM1.5 billion The Gardens development in Mid Valley City. Construction works here increased by a further RM400 million with the commencement of work on the hospitality and office towers.

Other projects include the 19-storey Centrepoint North and South office towers at Mid Valley City and Tan & Tan Developments' U-Thant Residence while Northpoint, also at Mid Valley City, was completed in June 2006.

MANPOWER DEVELOPMENT

In order to remain competitive and be the best in the industry, we are aware of the importance of recruiting and retaining quality people, a challenge continually faced by the Retail, Construction, Property Management and Property Development divisions. For this reason, the Group commits a huge amount of energy and resources towards ensuring our people are provided with a conducive, supportive and fun working environment. In turn, we want our staff to have a sense of pride and accomplishment with regards to their jobs and to be the preferred employer of choice in the market.

As more products are completed and delivered within Mid Valley City, the human resource infrastructure becomes more critical. The opening of The Gardens in September 2007 will increase our manpower requirements in a sector where several other major players will be competing for the same resources. To overcome any potential shortage, our training programmes are aimed at bringing out the best in our employees, especially ones that inculcate a customer service culture that will differentiate us from the rest of the field.

In this age of Information Technology, the computerisation of the Human Resource Information System ("HRIS") has enabled the integration of key information necessary to track employees' database and their skills inventory. This should facilitate the multi-tasking of superior performers and a free-flow of staff movement between companies within the Group as part of our succession planning strategy.

CORPORATE SOCIAL RESPONSIBILITY

Scholarship & Bursary Programme

Now in its ninth year, the Group's annual scholarship programme has helped to lessen the financial burden for many underprivileged university students coming from households with income less than RM2,500 per month. 10 scholarships worth RM40,000 have been presented each year to cover the duration of the recipient's study period while another 10 are awarded cash grants of RM2,000 each to assist them financially. Upon graduation, recipients are offered employment within the Group. To date, RM775,000 have gone towards needy undergraduates with 43 students benefiting from this programme. In addition, IGB Senior Management staff volunteer mentoring, career guidance and emotional support to the recipients until completion of their degree.

Employee Welfare

Health & Fitness
Employees are provided a comprehensive health management programme that includes coverage for medical outpatient, specialist treatment and hospitalisation. Senior Managers are also required to attend medical check-ups yearly. In addition, the company sponsors staff memberships for gymnasiums to encourage and promote a healthy lifestyle amongst staff members.

Safety & Security
Each year, female staff are encouraged to attend a specially-designed 'City Survival' training programme to draw awareness to their personal security issues. The course entails ways to protect oneself and not get caught in situations where one is likely to become a victim of crime or malicious acts. Staff are also given training on 'Emergency First Aid and CPR' so they are equipped to tackle minor emergencies; be it in the workplace or at home. Fully-fledged fire-drills are also conducted a minimum of twice a year to familiarise staff with the layout of various buildings, assembly points and fire fighting equipment. Safety & Health Committees at the subsidiaries also meet regularly to discuss various situations, and staff and physical safety issues that may exist within the respective companies. Comments and feedback ensure corrective action can be taken.

Environment & Recycling
An active recycling programme is in place to encourage lesser dependence on paper and other office supplies. Initiatives implemented include the recycling of printer toner cartridges and the sale of old newspapers and used carton boxes to recyclers. A new IT section has been created to scan and archive old files and documents into hard drives, eventually reducing dependency on paper-based materials and storage space. Never one to waste, old computers, key boards and monitors are accumulated and eventually sold to recyclers to reuse the parts.

THE YEAR AHEAD

For the coming year, the Company will continue to focus on its strategic core businesses as more retail and investment properties are completed to add to our recurring income revenue stream.

Whilst greater competition is expected in the high-end and niche property sector, especially following the relaxation of foreign ownership rules, abolishment of real property gains tax and the lifting of restrictions on use of the properties and number of units purchased, we are confident the reputation established to date by our premium brands Tan & Tan and IGB for quality products in the residential and commercial arena, will hold both in good stead as they unveil more products such as Hampshire Place Residences, Seri Maya Q Residences and a new phase in Sierramas.

In the retail sector, increased competition will come from new retail centres and the expansion/upgrading of existing ones in the Klang Valley. However, we remain confident of continued growth for the Megamall as it continues to invest in ongoing product and service enhancements and aggressive marketing and promotional activities to capture a slice of the Visit Malaysia Year 2007 cake. And the opening of The Gardens in the third-quarter will expand our interests further into the local retail scene.

We will also continue to build on and strengthen our hotel brands, MiCasa and Cititel; by exploring all avenues to expand their footprint, at home and around the region, to further contribute to the Group's recurring income base.

CONCLUSION

I would like to thank my fellow Board members for their continued guidance and support and to the management and staff for their dedication to the delivery of quality products and services in the respective business areas. Your contributions, directly and indirectly, are acknowledged and appreciated.

ROBERT TAN CHUNG MENG
Managing Director

19 April 2007

Corporate Governance Statement

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

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

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the best practices of good governance as set out in the Code pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). These principles and best practices have been applied throughout the financial year ended 31 December 2006.

I. Board of Directors

(1) Board responsibility

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Company. An indication of the Board's commitment is reflected in the conduct of regular Board meetings and the incorporation of various processes and systems as well as the establishment of relevant Board committees which also meet regularly.

(2) Board balance

The Board, led by an Independent Non-Executive Chairman, has 12 members, comprising 9 Non-Executive Directors and 3 Executive Directors, with 4 of the 9 Non-Executive Directors being Independent Directors. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group. The profile of each Director is set out in the Profile of Directors.

The roles of the Chairman and the Managing Director are distinct and separate. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Managing Director has overall responsibility for the day-to-day management of the Group and together with the Executive Directors ensure that strategies, policies and matters approved by the Board and/or the Executive Committee are effectively implemented. The presence of Independent Directors fulfils a pivotal role in corporate accountability. Essentially, Independent Directors provide unbiased and independent views, advice and judgement as well as safeguard the interests of minority shareholders.

Any queries or concerns regarding the Group may be conveyed to Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman, the Senior Independent Non-Executive Director of the Company.

(3) Board meetings

The Board meets at least 4 times a year, with additional meetings convened as and when necessary. During the financial year ended 31 December 2006, 4 Board meetings were held and all Directors attended all meetings.

(4) Supply of information

Board reports include, among others, information on the Group's operational, financial and corporate issues, divisional performance, minutes of Board Committees, statistics of shareholdings, securities transaction of the Directors and major shareholders, are circulated to all Directors ahead of the scheduled meetings to enable the Directors to obtain further explanation/clarification, where necessary.

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

All Directors have access to the advice and services of the senior management and the company secretary in furtherance of their duties.

(5) Board Committees

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

(a) Executive Committee ("Exco")

The Exco comprises 2 Executive Directors, the Managing Director and a Non-Independent Director, namely Tan Boon Seng (Chairman), Robert Tan Chung Meng, Tan Boon Lee and Pauline Tan Suat Ming. The Exco has full authority as delegated by the Board to oversee the conduct of the Group's core business or existing investments and to review and/or implement strategic plan for the Group with restricted authority given by way of limits determined by the Board, and to undertake such function and all matters as may be approved or delegated by the Board from time to time.

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

The Exco met 9 times in 2006 which were attended by all members.

(b) Audit Committee ("AC")

The AC comprises 3 Independent Directors and the Managing Director, namely Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman (Chairman), Yeoh Chong Swee, Tan Kai Seng and Robert Tan Chung Meng. With an independent component of 75%, the composition of AC is fully compliant with the Code and the Listing Requirements, which require the majority of Directors on AC to be independent.

The Board receives reports on all audits performed via AC. AC meetings are scheduled prior to Board meetings and the minutes of AC proceedings are presented to the Board for notification. Any issue raised or recommendation made by AC is tabled for the Board's deliberation and approval.

Further details of the composition, terms of reference and activities of AC during the financial year ended 31 December 2006 are set out in the Audit Committee Report.

(c) Nomination Committee ("NC")

The NC comprises 2 Independent Directors and a Non-Independent Director, namely Tan Sri Abu Talib bin Othman (Chairman), Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman and Pauline Tan Suat Ming. The NC recommends suitable candidates for appointments to the Board of the Company, including Committees of the Board. In addition, NC assesses the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director on an annual basis as well as reviews succession plans for members of the Board. The NC meets as and when required. The NC has held one meeting in 2006 which was attended by all members.

(d) Remuneration Committee ("RC")

The RC comprises 2 Independent Directors and the Managing Director, namely Tan Sri Abu Talib bin Othman (Chairman), Yeoh Chong Swee and Robert Tan Chung Meng. The RC recommends to the Board the policy framework on terms of employment of and on all elements of the remuneration of the Managing Director, Executive Directors and senior executives of the Company. The RC is authorised to approve the annual bonus and salary increment of the Managing Director, Executive Directors and senior executives of the Company. The RC meets as and when required. The RC has held 2 meetings in 2006 which were attended by all members.

(e) Risk Management Committee ("RMC")

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

(f) Share & ESOS Committee ("SEC")

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

(6) Appointments to the Board and Re-election of Directors

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

In accordance with the Company's Articles of Association ("Articles"), Directors who are appointed by the Board in each financial year are subject to election by shareholders at the next AGM following their appointments. The Articles also provide that at least 1/3 of the Board shall retire from office at each AGM and they are eligible to offer themselves for re-election.

Directors over 70 years of age are required to submit themselves for re-appointment by shareholders annually in accordance with Section 129(6) of the Companies Act, 1965 ("Act").

Directors standing for re-election at the 43rd AGM of the Company to be held on 31 May 2007 are Tan Lei Cheng, Tan Boon Lee, Tony Tan @ Choon Keat and Tan Kai Seng, who retire by rotation under Article 85 of the Articles. Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman, who is over the age of 70 years, is seeking for re-appointment under Section 129(6) of the Act.

(7) Directors' Training

All Directors have attended and successfully completed the Continuing Education Programme prescribed by Bursa Securities. During the financial year under review, all Directors have attended a number of training and seminar programmes which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

II. Directors' Remuneration

The Company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains Directors of the calibre needed to run the Group efficiently. In the case of the Managing Director and Executive Directors, the components of Directors' remuneration are structured so as to link rewards to corporate and individual performance. Performance is measured against profits and other targets set from the Company's annual budget and plans. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

The RC reviews annually the remuneration policy for the Managing Director and Executive Directors to ensure that they are rewarded appropriately for their contributions to the Group's growth and profitability.

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

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

	Salaries RM'000	Fees RM'000	*Other Emoluments RM'000	**Benefits-in-kind RM'000	Total RM'000
Executive Director	1,376	-	822	43	2,241
Non-Executive Director	84	192	67	10	353

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

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

Range of Remuneration	Executive Director	Non-Executive Director
Below RM50,000	-	8
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	1	-
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	-	-
RM550,001 to RM600,000	-	-
RM600,001 to RM650,000	-	-
RM650,001 to RM700,000	-	-
RM700,001 to RM750,000	-	-
RM750,001 and above	1	-

Notes:
1. *For security and confidentiality reasons, the details of Directors' remuneration are not shown with reference to Directors individually. The Board is of the view that the transparency and accountability aspects of the corporate governance on Directors' remuneration are appropriately served by the band disclosure made.*
2. *Remuneration paid to an alternate Director who is a full time employee of the Group has been placed according to the classification of the principal Director.*

III. Investor Relations and Shareholders Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. The Group has a Corporate Affairs Division which provides a platform for two-way communication between the Company and shareholders and investors. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders and investing public with an overview of the Group's performance and operations.

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

The Group also conducts road shows and investor briefings with financial analysts, institutional investors and fund managers from time to time as a means of effective investors relationship.

In addition, shareholders can obtain up-to-date information on the Company and the Group's activities, press releases, corporate announcements and the latest quarterly result announcement by accessing its website at www.igbcorp.com.

IV. Accountability and Audit

(1) Financial reporting

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

(2) Directors' Responsibility Statement

The Directors are required by the Act to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results of the Group and the Company for the financial year.

The Directors consider that in preparing the financial statements for the year ended 31 December 2006, the Group has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act.

(3) Internal control

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

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

(4) Relationship with the auditors

The Board maintains a formal and transparent professional relationship with the Group's auditors, both external and internal, through AC. The AC meets with external auditors without any executive present at least once a year.

V. Other Information

(1) Material contracts

Save as disclosed below, neither the Company nor any of its subsidiaries had entered into any material contract which involved Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2006, or which was entered into since the end of the previous financial year:

Date	Transacting Parties	Nature of transaction	Consideration RM	Mode of settlement of consideration	Nature of relationship
02.05.06	IGB and Syn Tai Hung Trading Sdn Bhd (STHT)	Acquisition of 40% equity interest in IST Building Products Sdn Bhd	275,880	Cash	#
05.10.06	Ensignia Construction Sdn Bhd (Ensignia) and iPanel Malaysia Sdn Bhd (iPanel)	Award of contract for the supply, delivery, installation, testing, commissioning & maintenance of building automation system for Centrepoint South Tower & Centrepoint North Tower	1,088,531	Cash	##

Notes:

\# *STHT is a sub-subsidiary of Wah Seong Corporation Berhad (WSCB). Robert Tan Chung Meng (RTCM), Pauline Tan Suat Ming (PTSM), Tony Tan @ Choon Keat (TTCK), Dato' Tan Chin Nam (DTCN), Tan Chin Nam Sdn Bhd (TCNSB), Tan Kim Yeow Sdn Bhd (TKYSB) and Wah Seong (Malaya) Trading Co. Sdn Bhd (WSTSB) are directors and/or major shareholders of IGB and WSCB.*

\## *Ensignia is a wholly-owned subsidiary of IGB while iPanel is a subsidiary of Goldis Berhad (Goldis), the latter is a major shareholder of IGB. RTCM, DTCN, PTSM, TTCK, TKYSB, TCNSB and WSTSB are directors and/or major shareholders of IGB and Goldis.*

(2) Share Buy-Back

At the last AGM held on 31 May 2006, the Company obtained a shareholders' mandate to purchase its shares of up to 10% of the issued share capital of the Company. This authority from shareholders shall, in accordance with the Listing Requirements, expires at the conclusion of the 43rd AGM.

During the financial year, the Company purchased a total of 2,030,200 of its ordinary shares of RM0.50 each from the open market at prices ranging RM1.15 to RM1.89 per share. The total consideration of RM2,643,405.60 were financed by internally generated funds. These shares were retained as treasury shares.

2006 Monthly breakdown	No. of shares purchased & retained as treasury shares	Purchase price per share RM		Average cost per share RM	Total cost RM
		Lowest	Highest		
March	669,500	1.15	1.16	1.152	771,618.84
June	750,700	1.36	1.43	1.381	1,036,886.76
October	600,000	1.36	1.36	1.360	816,000.00
December	10,000	1.89	1.89	1.890	18,900.00
Total	2,030,200				2,643,405.60

As at 31 December 2006, a total of 17,329,800 ordinary shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

(3) Employees' Share Option Scheme

As at 31 December 2006, a total of 43,148,000 options had been exercised.

(4) Sanctions and/or penalties

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

(5) Variation in results

The Company did not issue any financial forecast for the financial year ended 31 December 2006. Hence, no variation in financial results.

(6) Profit guarantee

The Company did not issue any profit guarantee for the financial year ended 31 December 2006.

(7) Non-audit fees

For the financial year ended 31 December 2006, non-audit fees paid to PricewaterhouseCoopers Taxation Services Sdn Bhd amounted to RM262,233 relating to tax compliance and consultancy.

(8) Revaluation policy

The revaluation policy of the Company in relation to its landed properties and investments is set out in Notes to the Financial Statements.

(9) Recurrent related party transactions of a revenue or trading nature ("RRPTs")

At the last AGM held on 31 May 2006, the Company obtained a shareholders' mandate to allow the Group to enter into RRPTs.

In accordance with Section 4.1.5 of Practice Note No. 12/2001 issued by Bursa Securities, the details of the RRPTs conducted during the year ended 31 December 2006 pursuant to the shareholders' mandate are as follows:

Nature of RRPTs	Transacting Parties	Interested Related Parties	Aggregate value RM'000
• Rental of retail space • Letting of assets • Project, construction, management, consultancy and/or support services	KrisAssets Holdings Berhad (KrisAssets) Group	RTCM [a] Tan Boon Seng (TBS) [b] Tan Lei Cheng (TLC) [c] Tan Boon Lee (TBL) [d] PTSM [e] TTCK [f] DTCN [g] Daniel Yong Chen-I (DYCI) [h] Elizabeth Tan Hui Ning (ETHN) [i] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	18,433

Nature of RRPTs	Transacting Parties	Interested Related Parties	Aggregate value RM'000
• Information Technology Services • Rental of retail space • Letting of assets • Project, construction, management, consultancy and/or support services	Goldis Group	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	1,248
• Purchase and supply of materials • Sale of land or land based properties	Wah Seong Corporation Berhad (WSCB) Group	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] TCNSB [k] TKYSB [l] WSTSB [m]	11,518
• Letting of assets • Project, construction, management, consultancy and/or support services • Sale of land or land based properties	TCNSB	TBS [b] TLC [c] TBL [d] DTCN [g] TCNSB [k]	7
• Letting of assets • Project, construction, management, consultancy and/or support services • Sale of land or land based properties	WSTSB Group	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] TCNSB [k] TKYSB [l] WSTSB [m]	2,009
• Project, construction, management, consultancy and/or support services	Cahaya Utara Sdn Bhd (CU), an associate of WSTSB	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] TCNSB [k] TKYSB [l] WSTSB [m]	1,281
• Legal advisory service • Letting of assets	Jeyaratnam & Chong (J&C)	TBS [b] TLC [c] TBL [d] DTCN [g] TCNSB [k]	507

Nature of RRPTs	Transacting Parties	Interested Related Parties	Aggregate value RM'000
• Project, construction, management, consultancy and/or support services	Mayside Engineering S.A. (ME)	Antony Patrick Barragry	120
• Financial assistance • Letting of assets • Rental of retail space • Project, construction, management, consultancy and/or support services • Purchase and supply of materials	Subsidiaries of IGB - Cititel Hotel Management Sdn Bhd (CHM) - Earning Edge Sdn Bhd - IST Building Products Sdn Bhd - Tan & Tan Realty Sdn Bhd (TTR) - Technoltic Engineering Sdn Bhd (TE)	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	63,919

Nature of Interest:

[a] RTCM is a Director of IGB Group, KrisAssets Group, WSCB Group, WSTSB, TKYSB and CU. He is a major shareholder of IGB, KrisAssets, Goldis, WSCB and TKYSB. He is the father of ETHN and a brother of PTSM & TTCK.

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

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

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

[e] PTSM is a Director of IGB, Goldis, WSCB, WSTSB Group, CU and TKYSB. She is a major shareholder of IGB, KrisAssets, Goldis, WSCB and TKYSB. She is the mother to DYCI and a sister of RTCM & TTCK.

[f] TTCK is a Director of IGB and TKYSB. He is a major shareholder of IGB, KrisAssets, Goldis, WSCB and TKYSB. He is a brother of RTCM & PTSM.

[g] DTCN is a Director of TCNSB and WSTSB Group. He is a major shareholder of IGB, KrisAssets, Goldis, WSCB and TCNSB. DTCN is the father of TBS, TLC & TBL, and the father–in-law to CKW, a senior partner of J&C.

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

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

[j] Goldis is a major shareholder of IGB and KrisAssets and a person connected to RTCM, DTCN, PTSM, TTCK, TKYSB, TCNSB and WSTSB.

[k] TCNSB is a major shareholder of IGB, KrisAssets, Goldis, WSCB and WSTSB and a person connected to DTCN.

[l] TKYSB is a major shareholder of IGB, KrisAssets, Goldis, WSCB and WSTSB and a person connected to RTCM, PTSM and TTCK.

[m] WSTSB is a major shareholder of IGB, KrisAssets, Goldis, WSCB, CHM, CU, TTR and TE and a person connected to RTCM, DTCN, PTSM, TTCK, TCNSB and TKYSB.

[n] APB is a Director of IGB Group and KrisAssets Group. He is also a Director and major shareholder of ME.

This Statement is made in accordance with a resolution of the Board of Directors dated 3 April 2007.

Audit Committee Report

The Audit Committee ("AC") of IGB is pleased to present the AC Report for the year ended 31 December 2006.

The AC was established by the Board of Directors ("Board") on 12 April 1994 to assist the Board to carry out its responsibilities. The AC is governed by its Terms of Reference.

I. Members

The members of AC comprises 3 Independent Non-Executive Directors and the Managing Director as follows:

Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman (Chairman), *Senior Independent Non-Executive Director*
Tan Kai Seng, *Independent Non-Executive Director*
Yeoh Chong Swee, *Independent Non-Executive Director*
Robert Tan Chung Meng, *Managing Director*

II. Meetings

During the financial year ended 31 December 2006, 4 AC meetings were held and all members attended all meetings.

III. Summary Of Activities

A summary of the activities performed by AC during the financial year ended 31 December 2006 is set out below:

(1) Financial Reporting

Deliberated and recommended for Board approval the quarterly results, annual financial statements and announcements.

(2) External Audit

(a) Recommended to the Board the appointment and remuneration of the external auditor.
(b) Approved the external audit plan and scope for the financial year.
(c) Deliberated and directed follow-up action, when needed, on the results of external audits.

(3) Internal Audit

(a) Approved Audit Charters of Group Internal Audit ("GIA") functions in the Group.
(b) Reviewed and directed follow-up action, when needed, on GIA reports on the Group and ad hoc assignments.
(c) Reviewed GIA reports on the effectiveness and adequacy of risk management, compliance and governance processes.

(4) Related Party Transactions

Reviewed the disclosure of related party transactions of the Group.

IV. Internal Audit Function

The internal audit function of the Company was carried out by GIA Department. GIA is independent and reports directly to AC.

Internal audits were undertaken to provide independent and objective assessment of the following:

(a) Existence, effectiveness and adequacy of the internal control system to manage operations and safeguard the Group's assets.
(b) Adequacy and effectiveness of the risk management, governance and compliance functions to manage and anticipate potential risks over key business processes.

GIA reports arising from assignments were issued to management for their response and corrective actions. The GIA reports were subsequently tabled to AC for their deliberation.

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

V. Terms of Reference

(1) Membership

The members of AC shall be appointed by the Board upon the recommendations of the Nomination Committee and shall consist of not less than 3 members, a majority of whom shall be independent Directors and at least one of whom shall be a member of the Malaysian Institute of Accountants or fulfils such other requirements as prescribed in Chapter 15.10 of the Listing Requirements. The Chairman of AC shall be an independent non-executive Director. No alternate Director shall be appointed to AC.

(2) 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.

(3) Authorities

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

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

(4) Functions and Responsibilities

The functions and responsibilities of AC are as follows:

(a) review the quarterly results and annual financial statements prior to submission to the Board for approval, focusing primarily on:
- going concern assumptions;
- changes in existing or implementation of new accounting policies;
- major judgemental areas, significant and unusual events; and
- compliance with accounting standards, regulatory and other legal requirements.

(b) review and discuss with external auditors of the following:
- external audit plans and scope of work;
- external audit reports, management's response and actions taken;
- external audit evaluation of the system of internal controls; and
- problems and reservations arising out of external audits and any matters external auditors may wish to discuss, in the absence of management, if necessary.

(c) review the following in respect of internal auditors:
- adequacy of scope and plan, functions and resources of GIA and that it has the necessary authority to carry out their work;
- GIA programme, processes and results of the GIA programme, processes or investigation, and ensure that appropriate actions are taken on the recommendations of the GIA function;
- effectiveness of the system of internal controls;
- major findings of GIA investigations and management's response;
- appraisal or assessment of performance of GIA staff;
- approve any appointment or termination of senior staff member of the GIA function; and
- note resignations of GIA staff and provide the resigning staff an opportunity to submit his/her reason for resignation.

(d) review related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and to ensure that Directors report such transactions annually to shareholders via annual report.

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

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

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

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

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

(5) Meetings

The AC meets on a quarterly basis with the objective of reviewing the Group's financial reporting. The AC complements this through regular meetings with senior management and both internal and external auditors to review the Group's overall state of governance and internal controls. To ensure that critical issues are highlighted to all Board members in a timely manner, where possible, AC meetings are convened before Board meetings. The minutes of AC are tabled to the Board where issues can be further deliberated, if necessary.

Unless otherwise determined by AC members, 3 days' notice specifying the place, date and time of AC meeting and the matters to be discussed thereat shall be given to all AC members. The external and internal auditors may request a meeting by notifying the company secretary if deemed necessary.

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

TAN SRI DATO' SERI KHALID AHMAD BIN SULAIMAN
Chairman of Audit Committee

This Report was approved by the Board of Directors on 3 April 2007.

Statement of Internal Control

Responsibility

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

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

Risk Management

The Risk Management Committee comprised members of the Exco with the Managing Director as the advisor. Risk management is an ongoing process for identifying, evaluating, managing and reviewing significant risks faced by the businesses in the Group. The risk management process involved all business and functional units of the Group in identifying significant risks impacting the achievement of business objectives of the Group. It also involved the assessment of the impact and likelihood of such risks and of the effectiveness of controls in place to manage them.

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

Internal Control

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

The main elements in the internal control framework include:

- An organisational structure with formally defined lines of responsibility and delegation of authority;
- Established procedures for planning, capital expenditure, information and reporting systems, and for monitoring the Group's businesses and their performances;
- Review by operating divisions of their annual operating budgets and capital plans with the executive management prior to submission to the Board for approval;
- Quarterly comparison of operating divisions' actual financial performance with budget;
- Operating policies and procedures which are subject to review and improvement;
- Regular reporting of accounting and legal developments to the Board;
- Structured Limits of Authority, which provides a framework of authority and accountability within the Group, and which facilitates timely corporate decision making at the appropriate levels in the Group; and
- Appointment of employees of the necessary calibre to carry out the assigned responsibilities.

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

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

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

This Statement is made in accordance with a resolution of the Board of Directors dated 3 April 2007.

Analysis of Shareholdings

as at 10 April 2007

Authorised Share Capital	: RM1,200,000,000
Issued and Paid-up Share Capital	: RM741,968,085
Class of shares	: Ordinary shares of RM0.50 each
Voting rights	: One vote per shareholder on show of hands or one vote per ordinary share on a poll

SIZE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	No. of Shares	%
342	Less than 100	12,786	0.00
3,085	100 - 1,000	2,199,114	0.15
10,318	1,001 - 10,000	40,720,784	2.76
2,504	10,001 - 100,000	63,958,931	4.34
434	100,001 - less than 5% of issued shares	1,104,078,031	74.88
1	5% and above of issued shares	263,504,224	17.87
16,684		1,474,473,870	100.00

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Goldis Berhad	263,504,224	17.87
2.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goldis Berhad (KLC)	60,000,000	4.07
3.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goldis Berhad (HKB)	44,900,000	3.05
4.	Permodalan Nasional Berhad	41,147,875	2.79
5.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputra	40,056,900	2.72
6.	Tan Chin Nam Sendirian Berhad	37,176,070	2.52
7.	Wah Seong (Malaya) Trading Co. Sdn Bhd	35,888,059	2.43
8.	HSBC Nominees (Asing) Sdn Bhd - HPBS SG for Kenderlay Ltd	32,145,800	2.18
9.	Multistock Sdn Bhd	27,715,575	1.88
10.	Tan Kim Yeow Sendirian Berhad	25,871,432	1.75
11.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Morgan Stanley & Co. International Limited	25,738,000	1.75
12.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.K.)	23,411,800	1.59
13.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A)	22,364,700	1.52
14.	M & A Nominee (Asing) Sdn Bhd - Montego Assets Limited	22,081,750	1.50
15.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Morgan Stanley & Co. Incorporated	20,439,900	1.39
16.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Credit Suisse (SG BR-TST-Asing)	19,204,600	1.30
17.	HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Management SG for Employees Provident Fund	18,974,900	1.29
18.	Citigroup Nominees (Asing) Sdn Bhd - Goldman Sachs International	18,684,300	1.27

No.	Name	No. of Shares	%
19.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund KG67 for AIM International Emerging Growth Fund	18,624,000	1.26
20.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for HSBC Private Bank (Suisse) S.A. (Nassau AC CL)	15,605,800	1.06
21.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for J.P. Morgan Bank (Ireland) Public Limited Company	12,295,520	0.83
22.	Citigroup Nominees (Asing) Sdn Bhd - CB LDN for Eagle Star Life Assurance Company of Ireland Limited	12,173,600	0.83
23.	Tan Chin Nam Sendirian Berhad	11,400,000	0.77
24.	Cartaban Nominees (Asing) Sdn Bhd - Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	11,198,700	0.76
25.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund	11,062,600	0.75
26.	HSBC Nominees (Asing) Sdn Bhd - HPBS SG for Park Avenue Group Corporation	9,828,100	0.67
27.	M & A Nominees (Asing) Sdn Bhd - Dawnfield Pte Ltd	9,750,000	0.66
28.	Wah Seong Enterprises Sdn Bhd	9,551,714	0.65
29.	HSBC NOMINEES (ASING) Sdn Bhd - Exempt AN for the Hongkong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)	9,366,000	0.64
30.	HSBC Nominees (Asing) Sdn Bhd - CS (Lux) S.A. for Credit Suisse Equity Fund (Lux) – Asian Property	9,021,600	0.61
Total		919,183,519	62.36

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

	No. of Shares			
Name	Direct	%	Indirect	% #
Goldis Berhad	368,404,224	24.98	27,715,575*	1.88
Dato' Tan Chin Nam	15,637,429	1.06	517,582,691*	35.10
Robert Tan Chung Meng	3,915,562	0.27	494,062,678*	33.50
Pauline Tan Suat Ming	996,777	0.07	494,062,678*	33.50
Tony Tan @ Choon Keat	-	-	494,062,678*	33.50
Tan Chin Nam Sdn Bhd	51,016,945	3.46	466,565,746*	31.64
Tan Kim Yeow Sdn Bhd	30,855,682	2.09	463,206,996*	31.41
Wah Seong (Malaya) Trading Co. Sdn Bhd	43,285,359	2.94	418,101,387*	28.35

STATEMENT OF DIRECTORS' INTERESTS IN THE COMPANY AND RELATED CORPORATION

The Company
IGB Corporation Berhad

Name	Direct	%	No. of Shares Held Indirect	% #
Tan Sri Abu Talib bin Othman	1,385,000	0.09	-	-
Robert Tan Chung Meng	3,915,562	0.27	494,062,678*	33.50
Tan Boon Seng	-	-	-	-
Tan Boon Lee	2,895,574	0.20	-	-
Tan Lei Cheng	1,812,667	0.12	1,690,137*	0.11
Pauline Tan Suat Ming	996,777	0.07	494,062,678*	33.50
Tony Tan @ Choon Keat	-	-	494,062,678*	33.50
Tan Kai Seng	89,000	0.01	-	-
Tan Sri Dato' Seri Khalid Ahmad Sulaiman	560,316	0.04	187,875*	0.01
Yeoh Chong Swee	-	-	61,500*	negligible
Datuk Abdul Habib bin Mansur	-	-	-	-
Harun bin Hashim Mohd	-	-	-	-
Chua Seng Yong	232	negligible	-	-

Subsidiary Company
KrisAssets Holdings Berhad

Name	Direct	% √	No. of Shares Held Indirect	% √
Robert Tan Chung Meng	-	-	247,529,056*	74.92
Tan Boon Lee	1,100	negligible	-	-
Tan Lei Cheng	-	-	-	-
Pauline Tan Suat Ming	-	-	247,529,056*	74.92
Tony Tan @ Choon Keat	-	-	247,529,056*	74.92
Tan Sri Abu Talib bin Othman	-	-	-	-
Tan Boon Seng	-	-	-	-
Tan Sri Dato' Seri Khalid Ahmad Sulaiman	29,864	0.01	10,013*	negligible
Tan Kai Seng	4,743	negligible	-	-
Yeoh Chong Swee	-	-	-	-
Datuk Abdul Habib bin Mansur	-	-	-	-
Harun bin Hashim Mohd	-	-	-	-
Chua Seng Yong	1,424	negligible	-	-

Name	Direct	%	Indirect	%
	No. of Warrants Held			
Robert Tan Chung Meng	662,730	0.60	86,216,077*	78.28
Tan Boon Lee	-	-	-	-
Tan Lei Cheng	44,045	0.04	39,916*	0.04
Pauline Tan Suat Ming	16,268	0.01	86,216,077*	78.28
Tony Tan @ Choon Keat	-	-	86,216,077*	78.28
Tan Sri Abu Talib bin Othman	66	negligible	-	-
Tan Boon Seng	-	-	-	-
Tan Sri Dato' Seri Khalid Ahmad Sulaiman	-	-	-	-
Tan Kai Seng	-	-	-	-
Yeoh Chong Swee	-	-	-	-
Datuk Abdul Habib bin Mansur	-	-	-	-
Harun bin Hashim Mohd	-	-	-	-
Chua Seng Yong	87	negligible	-	-

Notes:

Based on the issued and paid-up share capital of RM737,336,935 comprising 1,474,673,870 ordinary shares after deduction of 9,262,300 treasury shares.
* Deemed interest pursuant to Section 6A of the Companies Act, 1965.
√ Based on the issued and paid-up share capital of RM330,402,500 comprising 330,402,500 ordinary shares after deduction of 100,000 treasury shares.

List of Major Properties

held by IGB Group as at 31 December 2006

	Location	Land Tenure	Age of Buliding (Years)	Description / Existing use	Date of Acquisition/ Revaluation	Net Book Value RM million
1	Located on part of Lot PT 14 HS(D) 105027 Section 95A Kuala Lumpur	Leasehold expiring 2103	7	1.7 million sq ft shopping complex known as Mid Valley Megamall together with 6,394 car parking bays	17-12-1999	539.8
2	Located on part of Lot PT 13 HS(D) 105026 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	Proposed 0.8 million sq ft 'Gardens' shopping gallery together with 4,300 car parking bays under construction at Mid Valley City	28-12-2004	409.6
3	Lot 15256 Mukim of Labu, District of Seremban, Negeri Sembilan	Freehold	-	344.0 hectares vacant land approved for residential and commercial development	31-1-2002	122.1
4	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	7	646 rooms hotel known as 'Cititel Hotel' at Mid Valley City	27-3-2006	102.6
5	386 Jalan Tun Razak Kuala Lumpur	Freehold	17	242 rooms all-suite hotel known as 'Micasa Hotel Apartments'	31-1-2002	98.7
6	207 Jalan Tun Razak Kuala Lumpur	Freehold	13	339,000 sq ft office space at Menara Tan & Tan	31-1-2002	88.6
7	Located on part of Lot PT 14 HS(D) 105027 Section 95A Kuala Lumpur	Leasehold expiring 2103	2	390 rooms hotel known as 'Boulevard Hotel' at Mid Valley City	29-12-2003	84.2
8	Teluk Belaga, Pangkor Island	Freehold	21	259 rooms resort hotel known as 'Pangkor Island Beach Resort'	24-12-2006	82.4
9	Located on part of Lot PT 14 HS(D) 105027 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	Proposed 230,000 sq ft office tower known as 'Centrepoint South' under construction at Mid Valley City	29-12-2003	57.6
10	Located on part of Lot PT 14 HS(D) 105027 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	Proposed 230,000 sq ft office tower known as 'Centrepoint North' under construction at Mid Valley City	29-12-2003	42.8

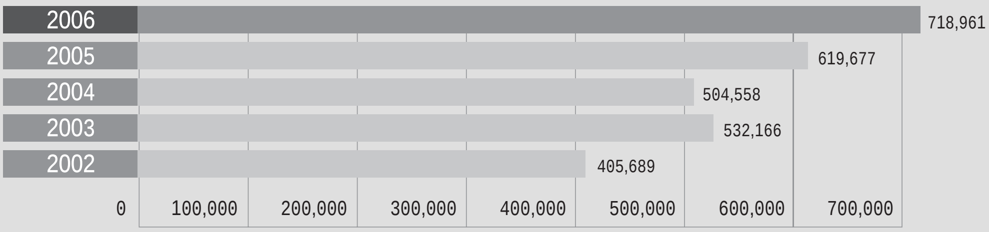
Five-Year Group Financial Highlights

		2002	2003	2004	2005	2006
REVENUE	RM '000	405,689	532,166	504,558	619,677	718,961
PROFIT BEFORE TAX [1]	RM '000	114,493	184,358	141,742	173,357	202,028
NET PROFIT FOR THE YEAR	RM '000	67,685	147,533	101,123	105,458	135,915
ISSUED SHARE CAPITAL (RM0.50)	RM '000	572,074	581,805	706,937	730,277	732,523
SHAREHOLDERS' FUNDS	RM '000	1,941,821	2,098,803	2,292,083	2,382,386	2,477,603
TOTAL ASSETS	RM '000	3,262,457	3,228,158	3,460,427	3,696,304	3,861,714
EARNINGS PER SHARE (Basic)	sen	6.2	12.9	8.2	7.2	9.3
NET ASSETS PER SHARE	RM	1.8	1.9	1.7	1.7	1.8
GROSS DIVIDENDS PER SHARE	sen	1.5	5.0	2.5	2.5	2.5
DIVIDEND RATE	%	3.0	10.0	5.0	5.0	5.0

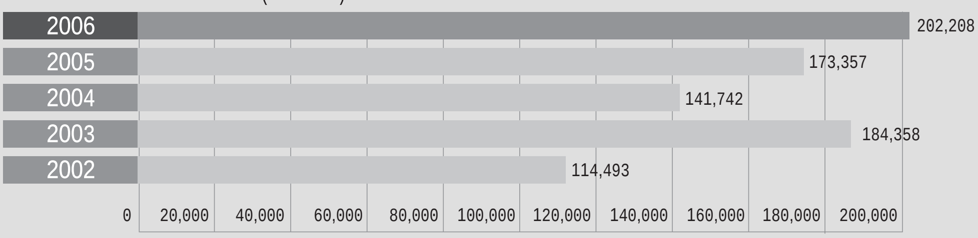
Note 1

With effect from financial year 2006, profit before tax includes share of results of associates net of tax. Associates' tax amounted to RM8.1 million for financial year 2006.

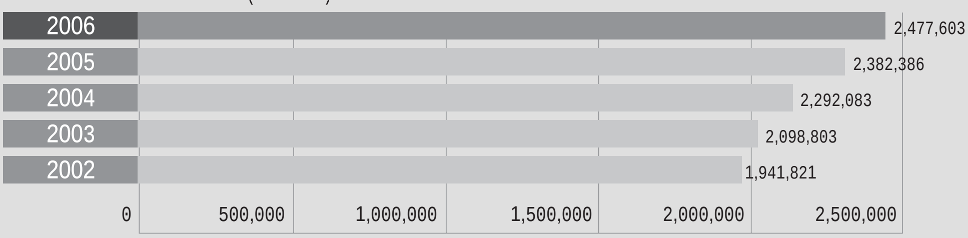
REVENUE (RM'000)



PROFIT BEFORE TAXATION (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



Contents

Reports and Financial Statements

Directors' Report
for the financial year ended 31 December 2006

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2006.

Principal activities and corporate information

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

The number of employees at the end of the financial year was to 2,118 (2005: 2,015) employees in the Group and 200 (2005: 185) employees in the Company.

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

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

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

Financial results

	Group RM '000	Company RM '000
Profit for the financial year	144,667	5,007

Dividends

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

		RM'000
(a)	In respect of the financial year ended 31 December 2005, as shown in the Directors' report of that financial year, a final dividend of 2.5% less tax at 28% and 2.5% tax exempt paid on 14 July 2006.	31,102
(b)	In respect of the financial year ended 31 December 2005, an Irredeemable Convertible Preference Shares ('ICPS 2002/2007') dividend of 1% less tax at 28% paid on 30 June 2006.	219
(c)	In respect of the financial year ended 31 December 2006, an ICPS 2002/2007 dividend of 1% less tax at 27% paid on 15 March 2007.	195
(d)	In respect of the financial year ended 31 December 2006, a proposed final dividend of 5% tax exempt which, subject to the approval of members at the forthcoming Annual General Meeting of the Company on 31 May 2007, will be paid on 13 July 2007 to shareholders registered on the Company's Record of Depositors at the close of business on 13 June 2007.	36,193

Reserves and provisions

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

Issue of shares

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

During the financial year, the Company's issued and fully paid-up share capital was increased from RM730,277,104 to RM732,523,126 by way of the following issue of shares:

Issue of shares	No. of shares RM'000	Nominal value RM'000
Exercise of ICPS 2002/2007	3,143	1,572
Exercise of ESOS (exercise prices RM0.93 – RM1.05)	1,348	674
	4,491	2,246

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

(b) Treasury Shares

In the preceeding financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 31 May 2006, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 2,030,200 of its own shares from the open market for RM2,653,406. The average purchase price for the shares repurchased was RM1.31 per share. The repurchase transaction was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at historical cost of repurchase. The Company has the right to resell these shares or distribute these shares as dividends at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold as at 31 December 2006.

At the balance sheet date, the number of outstanding shares in issue after setting off treasury shares against equity is 1,447,716,452.

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

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

The main features of the ESOS are set out in note 12(d) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 13 November 2006 from having to disclose the list of option holders and their holdings pursuant to Section 169(11) of the Companies Act, 1965 except for information of employees who were granted 500,000 options and above.

Other than the Directors' options disclosed under the Directors' interests below, there were no employees of the Company and its subsidiaries who were granted 500,000 options and above under the ESOS during the financial year.

Directors

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

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

In accordance with Article 85 of the Company's Articles of Association, Tan Lei Cheng, Tan Boon Lee, Tony Tan @ Choon Keat and Tan Kai Seng retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman, being over seventy years of age, retires in accordance with Section 129(6) of the Companies Act, 1965 and offers himself for re-appointment to hold office until the conclusion of the next Annual General Meeting.

Directors' interests

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares, ICPS 2002/2007, share options and warrants in the Company and its related corporations are as follows:

In the Company	Number of ordinary shares of RM0.50 each			
	1 January	Addition	Disposal	31 December
Tan Sri Abu Talib Bin Othman				
Direct	2,000,000	0	(615,000)	1,385,000
Robert Tan Chung Meng				
Direct	3,915,562	0	0	3,915,562
Indirect	493,612,678	0	0	493,612,678
Tan Boon Seng				
Direct	616,192	0	(616,192)	0
Indirect	19,636,996	0	(15,905,896)	3,731,100
Tan Boon Lee				
Direct	2,805,574	90,000	0	2,895,574
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	560,316	0	0	560,316
Indirect	187,875	0	0	187,875
Tan Lei Cheng				
Direct	1,812,667	0	0	1,812,667
Indirect	1,690,137	0	0	1,690,137
Pauline Tan Suat Ming				
Direct	996,777	0	0	996,777
Indirect	493,612,678	0	0	493,612,678
Tony Tan @ Choon Keat				
Indirect	493,612,678	0	0	493,612,678

Directors' interests (continued)

In the Company	Number of ordinary shares of RM0.50 each			
	1 January	Addition	Disposal	31 December
Tan Kai Seng				
Direct	89,000	0	0	89,000
Yeoh Chong Swee				
Indirect	121,500	0	0	121,500
Chua Seng Yong				
Direct	232	0	0	232

In the Company	Number of of ICPS 2002 / 2007			
	1 January	Addition	Disposal/ Conversion	31 December
Tan Kai Seng				
Direct	5,000	0	0	5,000
Chua Seng Yong				
Direct	232	0	0	232

In the Company	Number of options (ESOS) over ordinary shares of RM0.50 each			
	1 January	Granted	Exercised	31 December
Tan Boon Seng	1,000,000	0	0	1,000,000

In KrisAssets Holdings Berhad	Number of ordinary shares of RM1.00 each			
(subsidiary)	1 January	Additional	Disposal	31 December
Tan Sri Abu Talib Bin Othman				
Direct	106,600	0	(106,600)	0
Robert Tan Chung Meng				
Direct	208,698	0	(208,698)	0
Indirect	273,771,909	0	(26,242,853)	247,529,056
Tan Boon Seng				
Direct	32,843	0	(32,843)	0
Indirect	1,730,640	0	(1,730,640)	0
Tan Boon Lee				
Direct	149,536	1,100	(149,536)	1,100
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	29,864	0	0	29,864
Tan Lei Cheng				
Direct	95,955	0	(95,955)	0
Indirect	90,084	0	(90,084)	0
Pauline Tan Suat Ming				
Direct	46,732	0	(46,732)	0
Indirect	273,771,909	0	(26,242,853)	247,529,056
Tony Tan @ Choon Keat				
Indirect	273,771,909	0	(26,242,853)	247,529,056
Tan Kai Seng				
Direct	4,743	0	0	4,743
Chua Seng Yong				
Direct	1,424	0	0	1,424

Directors' interest (continued)

In KrissAssets Holdings Berhad	Number of warrants 2006/2011			
(subsidiary)	1 January	Additional	Disposal	31 December
Tan Sri Abu Talib Bin Othman				
Direct	0	26,666	(26,600)	66
Robert Tan Chung Meng				
Direct	0	662,730	0	662,730
Indirect	0	86,216,077	0	86,216,077
Tan Boon Seng				
Direct	0	10,947	(10,947)	0
Tan Boon Lee				
Direct	0	592,030	(510,900)	81,130
Tan Lei Cheng				
Direct	0	44,045	0	44,045
Indirect	0	39,916	0	39,916
Pauline Tan Suat Ming				
Direct	0	16,268	0	16,268
Indirect	0	86,216,077	0	86,216,077
Tony Tan @ Choon Keat				
Indirect	0	86,216,077	0	86,216,077
Chua Seng Yong				
Direct	0	39,187	(39,100)	87

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

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

Directors' benefit

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

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

Statutory information on the financial statements

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

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

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

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

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

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

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

Statutory information on the financial statements (continued)

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

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

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

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

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

In the opinion of the Directors:

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

(b) except as disclosed in Note 40 to financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

Significant events during the financial year

(i) Issuance of 110,134,166 Warrants 2006/2011.

On 26 July 2006, a subsidiary, KrisAssets Holdings Berhad issued 110,134,166 5-year warrants 2006/2011 pursuant to the RM200 million nominal value 7-year AAA-rated bank guaranteed bonds together with detachable provisional rights to allot 5-year warrants.

(ii) Medium Term Notes Programme

A subsidiary, Mid Valley City Sdn Bhd entered into agreements for a 10-year RM200 million nominal value Medium Term Notes Programme ('Programme') on 11 October 2006. The initial drawdown of the Programme would need to be made by 15 December 2007. Rating Agency Malaysia Berhad had accorded an initial rating AA3 and subsequently revised the rating to AA1 for the Programme on 27 March 2007.

(iii) Non-current asset held for sale

On 30 August 2006, a subsidiary, Tan & Tan Developments Berhad, entered into an agreement to dispose its 40% owned associate, SuCasa Sdn Bhd to Assedina Sdn Bhd, a wholly owned subsidiary of Kuala Lumpur City Corporation Bhd, for RM21,200,000.

Significant post balance sheet event

The Group completed the disposal of SuCasa Sdn Bhd on 28 February 2007.

Auditors

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 April 2007.

Robert Tan Chung Meng
Managing Director

Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman
Director

Income Statements

for the financial year ended 31 December 2006

	Note	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Revenue	5	718,961	619,677	98,135	99,054
Cost of sales		(395,068)	(379,140)	(38,210)	(23,523)
Gross profit		323,893	240,537	59,925	75,531
Other operating income		35,401	43,667	24,567	22,291
Administrative expenses		(127,490)	(103,480)	(43,625)	(33,347)
Other operating expenses		(51,681)	(23,462)	(16,750)	(3,463)
Profit from operations	6	180,123	157,262	24,117	61,012
Finance cost	8	(43,267)	(35,055)	(3,108)	(3,352)
Share of results of associates		55,626	34,170	0	0
Share of results of a jointly controlled operation		1,980	1,147	0	0
Gain/(loss) on disposal of an associate		7,566	(1,195)	0	(1,250)
Profit before tax		202,028	156,329	21,009	56,410
Tax expense	9	(57,361)	(43,100)	(16,002)	(9,129)
Profit for the financial year		144,667	113,229	5,007	47,281
Attributable to:					
Equity holders of the Company		135,915	105,458	5,007	47,281
Minority interests		8,752	7,771	0	0
Profit for the financial year		144,667	113,229	5,007	47,281
Earnings per ordinary share (sen)	10				
- Basic		9.35	7.20		
- Diluted		9.23	7.10		
Gross dividends per ordinary share (sen)	11	2.50	2.50	2.50	2.50
Gross dividends per Irredeemable Convertible Preference Share (sen)	11	1.00	1.00	1.00	1.00

Balance Sheets

as at 31 December 2006

	Note	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Capital and reserves attributable to equity holders of the Company					
Share capital	12 (a)	732,523	730,277	732,523	730,277
1% Irredeemable Convertible Preference Shares	12 (c)	28,340	32,531	28,340	32,531
Share premium		386,723	383,497	386,723	383,497
Revaluation and other reserves	13	239,519	248,065	0	29,258
Treasury shares	12 (b)	(20,066)	(17,412)	(20,066)	(17,412)
Retained earnings	14	1,110,564	1,005,428	1,171,769	1,198,083
		2,477,603	2,382,386	2,299,289	2,356,234
Minority interests		90,479	88,638	0	0
Total equity		2,568,082	2,471,024	2,299,289	2,356,234
Represented by:					
Non-current assets					
Property, plant and equipment	17	1,269,331	1,619,180	3,264	3,113
Land held for property development	18 (a)	212,333	219,250	6,403	6,390
Investment properties	19	606,202	0	0	0
Subsidiaries	20	0	0	1,834,018	1,788,743
Associates	21	572,329	576,234	161,095	199,841
Other investments	22	8,755	15,810	2,062	3,900
Deferred tax assets	16	2,310	2,786	520	520
		2,671,260	2,433,260	2,007,362	2,002,507
Current assets					
Property development costs	18 (b)	191,788	278,100	20,728	21,778
Inventories	23	87,383	69,038	37,348	37,348
Marketable securities	24	4,543	5,642	4,543	5,642
Trade and other receivables	25	186,754	182,604	37,022	25,350
Amounts owing by subsidiaries	26	0	0	663,182	588,039
Amounts owing by associates	27	118,978	118,325	93,179	92,912
Amount owing by a jointly controlled operation	31	10,837	4,802	0	0
Tax recoverable		14,981	8,788	0	0
Deposits with licensed banks	28	440,512	381,098	139,575	259,549
Cash and bank balances	28	114,679	214,647	22,276	21,611
		1,170,455	1,263,044	1,017,853	1,052,229
Non-current asset held for sale	29	19,999	0	0	0
		1,190,454	1,263,044	1,017,853	1,052,229

	Note	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Less : Current liabilities					
Trade and other payables	30	405,891	296,744	20,538	20,425
Amounts owing to subsidiaries	26	0	0	649,650	612,295
Amounts owing to associates	27	28,739	35,324	1,469	9,269
Borrowings:	15				
- Bank overdrafts		0	2,017	0	2,017
- Others		129,326	65,364	0	0
Tax		25,743	18,840	4,269	4,496
		589,699	418,289	675,926	648,502
Net current assets		600,755	844,755	341,927	403,727
Less: Non-current liabilities					
Borrowings - others	15	604,854	700,251	50,000	50,000
Deferred taxation	16	99,079	106,740	0	0
		703,933	806,991	50,000	50,000
		2,568,082	2,471,024	2,299,289	2,356,234

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2006

		Attributable to equity holders of the Company											
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares of		1% Irredeemable Convertible Preference Shares of RM1.00 each							
Group	Note	Number of shares '000	Nominal value RM'000	Number of shares '000	RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Retained earnings RM'000	Total RM '000	Minority interests RM'000	Total equity RM '000
At 1 January 2006		1,460,555	730,277	(15,300)	(17,412)	32,531	32,531	383,497	248,065	1,005,428	2,382,386	88,638	2,471,024
Acquisition of additional interests in subsidiries		0	0	0	0	0	0	0	0	0	0	(547)	(547)
Share buy back		0	0	(2,030)	(2,654)	0	0	0	0	0	(2,654)	0	(2,654)
Rights issue of warrants by a subsidiary		0	0	0	0	0	0	0	0	0	0	1.076	(1,076)
Issue of shares:													
- ICPS 2002/2007	12 (c)	3,143	1,572	0	0	(4,191)	(4,191)	2,619	0	0	0	0	0
- Employees' share options	12 (d)	1,348	674	0	0	0	0	607	0	0	1,281	0	1,281
- Redeemable cumulative non-voting preference shares to minority interests in a subsidiary		0	0	0	0	0	0	0	0	0	0	924	924
- Disposal of ordinary shares in a subsidiary		0	0	0	0	0	0	0	0	0	0	11	11
Currency translation differences		0	0	0	0	0	0	0	714	0	714	575	1,289
Net deficit of revaluation of property, plant and equipment, net of tax	17	0	0	0	0	0	0	0	(8,718)	0	(8,718)	0	(8,718)
Creation of a capital redemption reserve in a subsidiary		0	0	0	0	0	0	0	200	(200)	0	0	0
Realisation of revaluation surplus on depreciation of property, plant and equipment, net of tax		0	0	0	0	0	0	0	(742)	742	0	0	0
Income and expense recognised directly in equity		0	0	0	0	0	0	0	(8,546)	542	(8,004)	575	(7,429)
Profit for the financial year		0	0	0	0	0	0	0	0	135,915	135,915	8,752	144,667
Total recognised income and expense for the financial year		0	0	0	0	0	0	0	(8,546)	136,457	127,911	9,327	137,238
Dividends:													
- Ordinary shares	11	0	0	0	0	0	0	0	0	(31,102)	(31,102)	(8,950)	(40,052)
- ICPS	11	0	0	0	0	0	0	0	0	(219)	(219)	0	(219)
At 31 December 2006		1,465,046	732,523	(17,330)	(20,066)	28,340	28,340	386,723	239,519	1,110,564	2,477,603	90,479	2,568,082

Consolidated statement of changes in equity (cont'd)
for the financial year ended 31 December 2006

		Attributable to equity holders of the Company											
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares of		1% Irredeemable Convertible Preference Shares of RM1.00 each							
Group	Note	Number of shares '000	Nominal value RM'000	Number of shares '000	RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Retained earnings RM'000	Total RM '000	Minority interests RM'000	Total euqilty RM '000
At 1 January 2005		1,413,875	706,937	0	0	86,413	86,413	549,608	17,559	931,566	2,292,083	69,099	2,361,182
Acquisition of additional interests in a subsidiries		0	0	0	0	0	0	0	0	0	0	(1,957)	(1,957)
Disposal of a subsidiary		0	0	0	0	0	0	0	0	0	0	(60)	(60)
Share buy back		0	0	(15,300)	(17,412)	0	0	0	0	0	(17,412)	0	(17,412)
Issue of shares:													
- ICPS 2002/2007	12 (c)	40,412	20,206	0	0	(53,882)	(53,882)	33,676	0	0	0	0	0
- Employees' share options	12 (d)	6,268	3,134	0	0	0	0	2,848	0	0	5,982	0	5,982
- Redeemable cumulative non-voting preference shares to minority interests in a subsidiary		0	0	0	0	0	0	0	0	0	0	559	559
Currency translation differences to minority interests		0	0	0	0	0	0	0	(2,400)	0	(2,400)	(1,225)	(3,625)
Surplus of revaluation of property, plant and equipment, net of tax	17	0	0	0	0	0	0	0	50,950	0	50,950	0	50,950
Capital distribution in-specie a subsidiary's shares		0	0	0	0	0	0	(202,635)	183,019	0	(19,616)	19,616	0
Realisation of revaluation reserve		0	0	0	0	0	0	0	0	0	0	(433)	(433)
Goodwill arising on acquisition of subsidiaries		0	0	0	0	0	0	0	(1,063)	0	(1,063)	0	(1,063)
Income and expense recognised directly in equity		0	0	0	0	0	0	(202,635)	230,506	0	27,871	17,958	45,829
Profit for the financial year		0	0	0	0	0	0	0	0	105,458	105,458	7,771	113,229
Total recognised income and expense for the financial year		0	0	0	0	0	0	(202,635)	230,506	105,458	133,329	25,729	159,058
Dividends:													
- Ordinary shares	11	0	0	0	0	0	0	0	0	(31,342)	(31,342)	(4,732)	(36,074)
- ICPS	11	0	0	0	0	0	0	0	0	(254)	(254)	0	(254)
At 31 December 2005		1,460,555	730,277	(15,300)	(17,412)	32,531	32,531	383,497	248,065	1,005,428	2,382,386	88,638	2,471,024

Company Statement of Changes in Equity

for the financial year ended 31 December 2006

Company	Note	Issued and fully paid ordinary shares of RM0.50 each		Treasury shares		1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable		Distributable	
		Number of shares '000	Nominal value RM'000	Number of shares '000	RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total RM '000
At 1 January 2006		1,460,555	730,277	(15,300)	(17,412)	32,531	32,531	383,497	29,258	1,198,083	2,356,234
Profit for the financial year		0	0	0	0	0	0	0	0	5,007	5,007
Share buy back		0	0	(2,030)	(2,654)	0	0	0	0	0	(2,654)
Issue of shares:											
- ICPS 2002/2007	12 (c)	3,143	1,572	0	0	(4,191)	(4,191)	2,619	0	0	0
- Employees' share options	12 (d)	1,348	674	0	0	0	0	607	0	0	1,281
Reversal of revaluation surplus on investment in an associate		0	0	0	0	0	0	0	(29,258)	0	(29,258)
Dividends:											
- Ordinary shares	11	0	0	0	0	0	0	0	0	(31,102)	(31,102)
- ICPS	11	0	0	0	0	0	0	0	0	(219)	(219)
At 31 December 2006		1,465,048	732,523	(17,330)	(20,066)	28,340	28,340	386,723	0	1,171,769	2,299,289

Company statement of changes in equity (cont'd)
for the financial year ended 31 December 2006

Company	Note	Issued and fully paid ordinary shares of RM0.50 each		Treasury shares		1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable		Distributable	
		Number of shares '000	Nominal value RM'000	Number of shares '000	RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total RM '000
At 1 January 2005		1,413,875	706,937	0	0	86,413	86,413	549,608	29,258	1,182,398	2,554,614
Profit for the financial year		0	0	0	0	0	0	0	0	47,281	47,281
Share buy back:		0	0	(15,300)	(17,412)	0	0	0	0	0	(17,412)
Issue of shares											
- ICPS 2002/2007	12 (c)	40,412	20,206	0	0	(53,882)	(53,882)	33,676	0	0	0
- Employees' share options	12 (d)	6,268	3,134	0	0	0	0	2,848	0	0	5,982
Capital distribution-in-specie											
of a subsidiary's shares		0	0	0	0	0	0	(202,635)	0	0	(202,635)
Dividends:											
- Ordinary shares	11	0	0	0	0	0	0	0	0	(31,342)	(31,342)
- ICPS	11	0	0	0	0	0	0	0	0	(254)	(254)
At 31 December 2005		1,460,555	730,277	(15,300)	(17,412)	32,531	32,531	383,497	29,258	1,198,083	2,356,234

All columns above are attributable to equity holders of the company.

Cash Flow Statements

for the financial year ended 31 December 2006

	Note	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Operating activities					
Receipts from customers		733,771	671,886	24,835	34,925
Payment to contractors, suppliers and employees		(290,971)	(441,018)	(44,603)	(28,808)
Cash flow from/(used in) operations		442,800	230,868	(19,768)	6,117
Interest paid		(41,953)	(42,458)	(3,108)	(3,729)
Income taxes paid		(64,828)	(31,514)	(2,124)	(4,402)
Net cash generated from/(used in) operating activities		336,019	156,896	(25,000)	(2,014)
Investing activities					
Acquisition of additional interest in subsidiaries	37	(489)	(3,041)	0	0
Proceeds from sale of shares in an associate		0	250	0	250
Proceeds from capital distribution in associates		4,200	0	0	0
Proceeds from redemption of preference shares in an associate		4,688	34,990	0	215,500
Proceeds from sale of other investments		0	36,182	0	0
Proceeds from disposal of subsidiaries		0	154	0	0
Interest received		20,525	17,389	8,246	4,612
Purchase of property, plant and equipment		(327,670)	(165,462)	(730)	(583)
Proceeds from sale of property, plant and equipment		35	1,119	0	0
Acquisition of an associates		(50)	0	0	0
Subscription of additional shares in an associate		(188)	0	0	0
Acquisition of warrants in a subsidiary		0	0	(4,998)	0
Subscription of additional shares in subsidiaries		0	0	(40,277)	(20,400)
Purchase of other investment		0	(461)	0	0
Dividends received from subsidiaries		0	0	42,840	40,267
Dividends received from associates		3,512	20,748	610	10,958
Dividends received from other investments		46	914	0	365
Repayments from subsidiaries		0	0	205,690	240,176
Repayments to subsidiaries		0	0	(5,704)	(2,442)
Advances from subsidiaries		0	0	43,059	6,837
Advances to subsidiaries		0	0	(293,796)	(220,074)
Repayments from associates		292	22,655	20	403
Repayments to associates		0	(21,564)	0	0
Advances from associates		1,127	132	0	0
Advances to associates		(617)	(8,754)	(321)	(7,835)
Advances to a jointly controlled operation		(4,055)	0	0	0
Net cash (used in)/generated from investing activities		(298,644)	(64,749)	(45,361)	268,034

	Note	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Financing activities					
Proceeds from issuance of shares		1,281	5,982	1,281	5,982
Repayments of borrowings		(59,148)	(97,020)	0	(20,000)
Proceeds from borrowings		32,700	207,300	0	0
Purchase of treasury shares		(11,036)	(9,030)	(11,036)	(9,030)
Dividends paid		(31,321)	(31,596)	(31,321)	(31,596)
Net cash generated (used in)/from financing activities		(67,524)	75,636	(41,076)	(54,644)
Foreign currencies exchange difference on opening balances		(8,388)	(110)	(5,855)	0
Net (decrease)/increase in cash and cash equivalents during the financial year		(38,537)	167,673	(117,292)	211,376
Cash and cash equivalents at beginning of financial year		593,728	426,055	279,143	67,767
Cash and cash equivalents at end of financial year	28	555,191	593,728	161,851	279,143

Notes to the Financial Statements

for the financial year ended 31 December 2006

1. General information

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

As at 31 December 2006, all monetary assets and liabilities of the Group and Company are denominated in Ringgit Malaysia except otherwise stated.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and Financial Reporting Standards 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 judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

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

(a) Standards, amendments to published standards and interpretation that are effective

The new accounting standards, amendments to published standards and IC Interpretations to existing standards effective for the Group and Company's financial year beginning on 1 January 2006 are as follows:

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Presentation of Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effect of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separated Financial Statements
- FRS 128 Investments in Associates
- FRS 131 Interests in Joint Ventures
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property

2. Summary of significant accounting policies (continued)

2.1 Basic of preparation (continued)

(a) Standards, amendments to published standards and interpretation that are effective (continued)

- Amendment to FRS119$_{2004}$ Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures – in relation to the "asset ceiling" test
- IC 107 Introduction of the Euro
- IC 110 Government Assistance – No Specific Relation to Operating Activities
- IC 112 Consolidation – Special Purpose Entities
- IC 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers
- IC 115 Operating Leases – Incentives
- IC 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets
- IC 125 Income Taxes – Changes in the Tax Status of an Entity of its Shareholders
- IC 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IC 129 Disclosure – Service Concession Arrangements
- IC 131 Revenue – Barter Transactions Involving Advertising Services
- IC 132 Intangible Assets – Web Site Costs

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards, amendments to published standards and interpretations. All standards amendments and interpretation adopted by the Group require restrospective application other than:

- FRS 2 - retrospective application for all equity instruments granted after 31 December 2004 and not vested at 1 January 2006;
- FRS 3 - prospectively for business combinations for which the agreement date is or on after 1 January 2006;
- FRS 5 - prospectively to non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and to operations that meet the criteria to be classified as discontinued on/after 1 January 2006;
- FRS 116 - the exchange of property, plant and equipment is accounted at fair value prospectively;
- FRS 121 - prospective accounting for goodwill and fair value adjustments as part of foreign operations;
- FRS 136 & 138 - applies to goodwill and intangible assets acquired in business combinations for which the agreement date is on or after 1 January 2006 and all other assets prospectively from 1 January 2006;
- FRS 140 - prospective accounting for investment properties at fair value.

The following describes the impact of new standards, amendments and interpretations on the financial statements of the Group and Company.

(i) Irrelevant or immaterial effect on financial statements

The adoption of FRS 1, 2, 3, 5, 101, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136, 138, 140, the "asset ceiling" amendment to FRS 119$_{2004}$ and ICs did not have a material impact on the financial statements of the Group and Company. In summary:

- FRS 2 and amendment to FRS 119$_{2004}$ and ICs are not relevant to the Group and Company

- FRS 1, 3, 5, 101, 102, 108, 110, 121, 127, 128, 131, 132, 133, 136 and 138 had no material effect to the Group and Company.

(ii) Reclassification of prior year comparatives

Set out below are changes in accounting policies that resulted in reclassification of prior year comparatives but did not affect recognition and measurement of the Group and Company's net assets :

2. Summary of significant accounting policies (continued)

2.1 Basic of preparation (continued)

(ii) Reclassification of prior year comparatives (continued)

- FRS 101 has affected the presentation of minority interests. In the consolidated balance sheet, minority interests are now presented within equity, separately from parent shareholders' equity. Profit or loss in the consolidated income statement as well as total income and expenses for the financial year recognized directly in equity are now allocated between minority interests and equity holders of the parent.
- Under FRS 101, the Group's share of results of associates are now shown net of tax.

(iii) FRS 116: Property, plant and equipment

Previously, no depreciation was charged on hotel properties as it was the Group's policy to maintain the hotel properties in such condition that the residual value is so high that depreciation would be insignificant.

Hotel buildings are now depreciated on a straight line basis to write off the carrying value to their residual value over their estimated useful lives over 50 years. The revision was accounted for as a change in accounting estimate and resulted in a depreciation charge for the current financial year approximately RM7,868,000.

(iv) FRS 140: Investment property

The definition of investment properties under FRS 140 has resulted in identification of additional assets of the Group that meet the definition of investment properties. These properties are now classified into a separate asset category on the balance sheet. Previously, investment properties were included in property, plant and equipment.

Investment properties were stated at cost less accumulated depreciation and accumulated impairment loss previously. There is no change in the measurement of the investment properties under FRS 140 as the Group has adopted the cost model.

In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 31 December 2005 are not restated.

(b) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted

The new standards, amendments to published standards and interpretations that are mandatory for the Group's financial periods beginning on or after 1 January 2007 or later periods, but which the Group has not early adopted, are as follows:

- FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this standard from financial year beginning 1 January 2007.

- FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006). This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial year beginning 1 January 2007.

2. Summary of significant accounting policies (continued)

2.1 General information (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted (continued)

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

(c) Standards that are not yet effective and not relevant for the Group's operations

- FRS 6 Exploration for and Evaluation of Mineral Resources (effective for accounting periods beginning on or after 1 January 2007). FRS 6 is not relevant to the Group's operations as the Group does not carry out exploration for and evaluation of mineral resources.

- Amendment to FRS 119_{2004} Employee Benefits – Actuarial Gains And Losses, Group Plans and Disclosures (effective for accounting periods beginning on or after 1 January 2007). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. FRS 119_{2004} is not relevant to the Group's operation as the Group does not have defined benefit plan.

2.2 Economic entities in the Group

(a) Subsidiaries

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

Subsidiaries are consolidated using the purchase method of accounting.

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

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

2. Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(a) Subsidiaries (continued)

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

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

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

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

(b) Transactions with minority interests

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

(c) Jointly controlled operation

A jointly controlled operation is a contractual arrangement between venturers to enter into construction contracts. The contractual agreement establishes joint control over the joint venture.

In respect of its interest in the jointly controlled operation, the Group would recognised in its financial statements, its share of income or losses from the jointly controlled operation and amounts due from the jointly controlled operation.

(d) Associates

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

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

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate,

2. Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(d) Associates (continued)

including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are elimited to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

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

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

2.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Hotel properties (land and buildings) are subsequently shown at fair value, based on periodic, but at least once every 5 years, valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

A freehold land of a subsidiary was stated at valuation on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers on a fair market value basis. The Directors applied the transitional provisions of International Accounting Standard ('IAS') No. 16 (Revised) Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board which allows these assets to be stated at their 1996 valuation, Accordingly, these assets have been stated at their existing carrying amounts less accumulated depreciation and accumulated impairment losses.

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

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

Freehold land is not depreciated as it has an infinite life. Leasehold land is amortised in equal instalments over the period of the respective leases that range from 30 to 99 years. Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

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

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

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

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. Previously, no depreciation was charged on hotel properties as it was the Group's policy to maintain the hotel properties in such condition that the residual value is so high that depreciation would be insignificant. Hotel buildings are now depreciated on a straight line basis to write off the carrying value to their residual value over their estimated useful lives over 50 years. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for the current financial year is RM7,868,000.

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

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

2.4 Investment properties

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

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

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

	%
• Buildings	2
• Plant and machinery	10 – 20

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

2.5 Goodwill

Goodwill or reserve on consolidation (formerly known as "negative goodwill") represents the excess or deficit of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill on acquisition of subsidiaries occurring prior to 1 January 2006 is written off against reserve in the period of acquisition. Goodwill on acquisitions of subsidiaries occurring on or after 1 January 2006 are included in the balance sheet as intangible asset whereas the reserve on consolidation is recognised immediately in the income statement.

2. Summary of significant accounting policies (continued)

2.5 Goodwill (continued)

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

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

Goodwill on acquisition of associates occurring on or after 1 January 2006 is included in investments in associates. Such goodwill is tested for impairment as part of the overall balance.

In accordance to the transitional provisions of FRS 3, the application of the policy is applied prospectively.

2.6 Investments

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

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

Marketable securities (within current assets) are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment.

Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/charged to the income statement.

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

2.7 Impairment of assets

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

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

2. Summary of significant accounting policies (continued)

2.8 Leases

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

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

2.9 Inventories

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

Cost is determined using the first in, first out method. The cost of finish goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

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

2.10 Non-current assets (or disposal group) classified as assets held for sale

Non-current assets (or disposal group) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

2.11 Construction contracts

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

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

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

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

The aggregate of the costs incurred and the profit/loss recognised on each contract is and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on construction contracts under trade and other receivables (within current assets). Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on construction contracts under trade and other payables (within current liabilities).

2. Summary of significant accounting policies (continued)

2.12 Property development activities

(a) Land held for property development

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

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

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

(b) Property development costs

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

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

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

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

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

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

2.13 Trade receivables

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

2. Summary of significant accounting policies (continued)

2.14 Cash and cash equivalents

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

2.15 Share capital

(a) Classification

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

The Group has taken advantage of the transitional provisions by FRS 132 'Financial Instruments: Disclosures and Presentation', which allows financial instruments that contain both a liability and an equity element issued prior to 1 January 2003 to be stated based on a predominant component part.

(b) Share issue costs

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

(c) Dividends to shareholders of the Company

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

Interim dividends are recognised as liabilities when declared before the balance sheet date. Final dividends are accounted for when they have been approved by the Company's shareholders.

(d) Purchase of own shares

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

2.16 Borrowings

(a) Classification

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

(b) Capitalisation of borrowing cost

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

2. Summary of significant accounting policies (continued)

2.17 Tax

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

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

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

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

2.18 Employee benefits

(a) Short term employee benefits

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

(b) Equity compensation benefits

Details of the Group's Employees Share Option Scheme are set out in note 12(d) to the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

(c) Defined contribution plans

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

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund of a reduction in the future payments is available.

2.19 Provisions

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

2. Summary of significant accounting policies (continued)

2.20 Contingent liabilities and contingent assets

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

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

In the acquisition of subsidiaries by the Group under a business combinations, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

2.21 Revenue recognition

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

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

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

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

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

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

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

Management fees project management fees are recognised on accrual basis.

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

2.22 Foreign currencies

(a) Functional and presentation currency

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

2. Summary of significant accounting policies (continued)

2.22 Foreign currencies (continued)

(b) Transactions and balances

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

(c) Group companies

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

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

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

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

2.23 Financial instruments

(a) Description

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

A financial 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 enterprise.

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

(b) Financial instruments recognised on the balance sheet

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

(c) Fair value estimation for disclosure purposes

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

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

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

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

2. Summary of significant accounting policies (continued)

2.24 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, 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, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other third parties.

3. Financial risk management objectives and policies

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

(a) Foreign currency exchange risk

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

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

(b) Interest rate risk

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

(c) Market risk

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

(d) Credit risk

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

3. Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

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

(e) Liquidity and cash flow risk

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

4. Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

(i) Valuation of hotel properties

The fair value of each hotel properties is individually determined once every five years by independent valuers based on a market value assessment. The valuers have relied on the discounted cash flow analysis and the comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its income and cash flow profile.

(ii) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its cost. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods are used to determine the recoverable amount, such as valuation report and discounted cash flow. For discounted cash flow, this involve the use of estimated future results and a set of assumptions to reflect its income and cash flow. Judgment has been used to determine the discount rate for the cash flow and the future growth of the business.

(iii) Income taxes

Significant judgment is required 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 recognised liabilities for tax based on estimates of assessment of the tax liability, due when the final tax outcome is different from the amount that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

4. Critical accounting estimates and judgements (continued)

4.1 Critical accounting estimates and assumptions (continued)

(iv) Recognition of revenue from property development

The Group recognises property development revenue based on percentage of completion method. The percentage of completion is measured by reference to the development costs incurred to date to the estimated total costs for the development project. Significant judgment is required in determining the stage of completion, the extent of the development cost incurred, the estimated development revenue and costs, as well as the recoverability of the contracts. In making the judgment the Group relied on past experience and work of specialist.

4.2 Critical judgment in applying the accounting policies

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. During the financial year, the Group does not have any material matter which required subjective judgment by the Directors.

5. Revenue

	Group		Company	
	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
Investment income	46	978	50,375	71,068
Rental income from investment properties	188,420	172,121	0	0
Other rental and rent related income	21,580	25,073	2,494	2,157
Property development revenue	370,197	270,973	45,266	25,829
Hotel room revenue	92,744	68,555	0	0
Sale of food, beverages and other goods	27,941	53,350	0	0
Rendering of services	18,033	15,720	0	0
Construction contract revenue	0	12,907	0	0
	718,961	619,677	98,135	99,054

6. Profit from operations

	Group		Company	
	2006	2005	2006	2005
	RM '000	RM '000	RM '000	RM '000
Profit from operations is stated after charging:				
Allowance for doubtful debts:				
- Trade and other receivables	5,569	917	5,248	0
- Subsidiaries	0	0	21,841	18,574
Auditors' remuneration:				
- Current financial year	484	479	144	123
- Overaccrual in prior financial year	0	(22)	0	(12)
- Other fees	30	0	0	0
Bad debts written off	28	2,906	28	73
Construction contract costs	0	9,671	0	0
Depreciation:				
- property, plant and equipment	22,850	38,433	579	583
- investment properties	27,233	0	0	0
Hire of plant and equipment	505	1,020	0	0
Operating lease rental	762	816	0	0
Impairment losses:				
- Subsidiaries	0	0	0	697
- Associates	18,544	577	7,988	0
- Marketable securities	1,099	2,379	1,099	2,379
- Other investments	7,055	0	1,838	0
- Property, plant and equipment	7,000	13,000	0	0
- Land held for property development	6,795	4,000	0	0
Loss on disposal of property, plant and equipment	1	29	0	0
Rental of buildings	3,602	729	986	1,682
Staff cost (includes Directors' remuneration as disclosed in note 7 but excludes defined contribution plan)	62,039	62,548	11,686	10,027
Defined contribution plan	6,686	6,387	1,510	1,130
Foreign exchange loss	8,595	817	5,824	387
Write off of property, plant and equipment	50	66	0	0
and crediting:				
Bad debts recovered	183	549	0	202
Dividends (gross) from:				
- Quoted subsidiary in Malaysia	0	0	47,028	53,014
- Unquoted subsidiaries in Malaysia	0	0	2,500	2,604
- Quoted associate in Malaysia	0	0	847	424
- Unquoted associate in Malaysia	0	0	0	14,797
- Quoted investments in Malaysia	46	629	0	229
- Quoted investments outside Malaysia	0	349	0	0
Interest income:				
- Subsidiaries	0	0	8,879	16,556
- Others	20, 525	17,389	8,246	4,612
Profit on disposal of property, plant and equipment	13	215	0	0
Foreign exchange gain	1,305	3,661	0	0
Rental income	825	97	0	0
Negative goodwill recognised	58	0	0	0

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM49,830,000 (2005:RM51,347,000).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to nil (2005:nil).

7. Directors' remuneration

	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Fees:				
- Directors of the Company	192	192	192	192
- Directors of subsidiaries	140	140	0	0
Other emoluments:				
- Directors of the company	2,349	2,089	2,349	2,089
- Directors of subsidiaries	2,579	2,883	0	0
Defined contribution plan	523	538	261	233
Benefits-in-kind	108	513	53	451
	5,891	6,355	2,855	2,965

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

Executive Directors of the Company have been granted options under the Employees' Share Options Scheme on the same terms and conditions as those offered to other employees of the Group (note 12(d) as follows:

			Number of ordinary shares of RM0.50 each				
Grant date	Expiry date	Exercise price RM/share	At 1 January '000	Granted '000	Exercised '000	Lapsed '000	At 31 December '000
2006							
15.8.2003	24.6.2008	0.93	1,000	0	0	0	1,000
		Total	1,000	0	0	0	1,000
2005							
15.8.2003	24.6.2008	0.93	3,000	0	(2,000)	0	1,000
10.6.2004	24.6.2008	1.05	1,000	0	(1,000)	0	0
		Total	4,000	0	(3,000)	0	1,000

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

Exercise date	Fair value of shares at share issue date RM/share	Exercise price RM/share	Number of shares 2006 '000	Number of shares 2005 '000
31.1.05 – 7.2.05	1.26 to 1.34	0.93	0	2,000
31.1.05 – 7.2.05	1.26 to 1.34	1.05	0	1,000
			0	3,000

	2006 RM'000	2005 RM'000
Ordinary share capital - at par	0	1,500
Share premium	0	1,410
Proceeds received on exercise of share options	0	2,910
Fair value	0	3,900

8. Finance cost

	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Interest expense on borrowings	38,812	34,433	3,108	3,352
Accretion of discount on bonds	1,254	31	0	0
Other financing costs	3,201	591	0	0
	43,267	35,055	3,108	3,352

9. Tax expense

	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Current tax:				
- Malaysian tax	65,486	36,835	16,002	11,249
- Foreign tax	52	(72)	0	0
Deferred tax (Note 16)	(8,177)	6,337	0	(2,120)
	57,361	43,100	16,002	9,129
Current tax				
Current financial year	67,067	39,248	16,078	11,163
(Over)/under accrual in prior financial years	(1,529)	(2,485)	(76)	86
Deferred tax				
Origination and reversal of temporary differences	(5,385)	6,337	0	(2,120)
Change in tax rate	(2,792)	0	0	0
	57,361	43,100	16,002	9,129

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

	Group 2006 %	Group 2005 %	Company 2006 %	Company 2005 %
Numerical reconciliation between the average effective tax rate and the Malaysian income tax rate				
Malaysian income tax rate	28	28	28	28
- Tax effects of :				
- share of results of jointly controlled operations and associates	(9)	(6)	0	0
- expenses not deductible for tax purposes	20	14	61	14
- income not subject to tax	(7)	(7)	(13)	(22)
- current financial year's tax loss not recognised	1	2	0	0
- previously unrecognised tax losses	(2)	(2)	0	0
- tax incentives	(1)	0	0	0
- Over accrual in prior financial years	(2)	(1)	0	(4)
Average effective tax rate	28	28	76	16

Tax savings of the Group during the financial year due to the recognition of previously unrecognised tax losses amounted to RM5,066,714 (2005: RM866,785).

10. Earings per ordinary share

(a) Basic earnings per ordinary share

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

	2006	2005
Profit attributable to the equity holders of the Company (RM'000)	135,915	105,458
ICPS 2002/2007 dividend paid (RM'000)	(219)	(254)
Profit adjusted for ICPS 2002/2007dividend paid (RM '000)	135,696	105,204
Weighted average number of ordinary shares in issue ('000)	1,450,578	1,460,899
Basic earnings per ordinary share (sen)	9.35	7.20

(b) Diluted earnings per ordinary share

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

	2006	2005
Profit attributable to the equity holders of the Company for the financial year (RM'000)	135,915	105,458
Incremental earnings for ICPS 2002/2007 dividends (RM '000)	204	234
Profit for the financial year adjusted for ICPS 2002/2007dividends (RM'000)	136,119	105,692
Weighted average number of ordinary shares in issue ('000)	1,450,578	1,460,899
Adjustments for ICPS 2002/2007('000)	22,814	26,380
Adjustments for share options ('000)	1,355	1,181
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	1,474,747	1,488,460
Diluted earnings per ordinary share (sen)	9.23	7.10

11. Dividends

Dividends paid, declared or proposed in respect of the financial year ended 31 December 2006 are as follows:

	Group and Company			
	2006		2005	
	Gross dividend per share Sen	Amount of dividend, net to tax RM'000	Gross dividend per share Sen	Amount of dividend, net to tax RM'000
Ordinary shares				
Paid final dividend 2.5% less tax at 28% and 2.5% tax exempt (2005: final dividend of 2.5% less tax at 28% and 2.5% tax exempt)	2.50	31,102	2.50	31,342
ICPS 2002/2007				
Paid final dividend of 1% less tax at 28% (2005 : 1% less tax at 28%)	1.00	219	1.00	254
Dividend per share recognized as distribution - to equity holder of the Company	2.50	31,102	2.50	31,342

At the forthcoming Annual General Meeting on 31 May 2007, a final dividend in respect of the financial year ended 31 December 2006 of 5% tax exempt amounting to RM36,192,911 will be proposed for shareholders' approval. These financial statements do not reflect this final dividend.

12. Share capital

	Group and Company	
	2006 RM '000	2005 RM '000
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January/31 December	1,000,000	1,000,000
1% Irredeemable Convertible Preference Shares of RM1.00 each:		
Authorised		
At 1 January/31 December	200,000	200,000

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

During the financial year, the Company's issued and fully paid-up share capital was increased from RM730,277,104 to RM732,523,126 by way of the following issue of shares:

Issue of shares	No. of shares '000	Nominal value RM'000
Exercise of ICPS 2002/2007	3,143	1,572
Exercise of ESOS (exercise prices RM0.93 – RM1.05)	1,348	674
	4,491	2,246

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

12. Share capital (continued)

(b) Treasury shares

In the preceding financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 31 May 2006, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 2,030,200 of its own shares from the open market for RM2,653,406. The average purchase price for the shares repurchased was RM1.31 per share. The repurchase transaction was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at historical cost of repurchase. The Company has the right to resell these shares or distribute these shares as dividends at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold as at 31 December 2006.

At the balance sheet date, the number of outstanding shares in issue after setting off treasury shares against equity is 1,447,716,452.

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

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

(i) The ICPS 2002/2007 shall be irredeemable;

(ii) The holders of the ICPS 2002/2007 shall have the right to receive to the extent that there is sufficient profit for the financial year available for distribution for the relevant financial year including retained earnings and distributable reserves brought forward as determined by the Directors and in priority to any payment in respect of any other class of shares in the capital of the Company a fixed cumulative preferential dividend at the rate of one per cent per annum (less any tax liability) and such preferential dividend to be payable annually in arrears not later than six months from the relevant financial year end;

(iii) Each ICPS 2002/2007 holder shall have the right at any time between the hours of 9.00 a.m. and 5.00 p.m. on any Market Day commencing from the 18 April 2002 and expiring on 17 April 2007 to convert the whole of the nominal value of the ICPS 2002/2007 held by him or such part thereof as he may specify in the Notice of Conversion into ordinary and fully paid-up IGB Shares at the conversion price of RM1.33 per ordinary IGB Share; and

(iv) During the financial year, the Company's issued and fully paid-up ICPS 2002/2007 decreased from RM32,531,075 to RM28,339,683 by way of the following conversion of ICPS to ordinary shares:

	No of shares '000	Nominal value RM'000
Conversion of ICPS 2002/2007	4,191	4,191

The ICPS 2002/2007 shall, if not converted by 17 April 2007, be automatically converted into new IGB Shares at the conversion price of RM1.33 per IGB Share on 18 April 2007.

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

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

The main features of the ESOS are as follows:

(i) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee, appointed by the Board of Directors;

12. Share Capital (continued)

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

(ii) The total number of IGB Shares to be offered under the ESOS shall not exceed 10% of the total issued and paid-up share capital of the Company at any point of time during the existence of the ESOS which shall be in force for a period of five years expiring on 24 June 2008;

(iii) The number of shares under options or option price or both so far as the options remain unexercised shall be adjusted following any issue of additional shares in the issued share capital of the Company by way of rights issue, capitalisation of profits or reserves or any sub-division and consolidation of the Company's shares;

(iv) The option price at which the employees are offered to take up shares under the ESOS is the weighted average market price of the shares of the Company as quoted in the Daily Official List issued by Bursa Securities for the five market days preceding the respective dates of offer of the options with an allowance for a discount of not more than 10% therefrom at the ESOS Committee's discretion or the par value of the shares of the Company of RM0.50, whichever is higher; and

(v) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

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

			No. of shares				
Grant date	Expiry date	Exercise price RM/share	At 1 January '000	Granted '000	Exercised '000	Lapsed '000	At 31 December '000
2006							
15.8.2003	24.6.2008	0.93	4,869	0	(1,127)	(48)	3,694
10.6.2004	24.6.2008	1.05	903	0	(221)	(52)	630
		Total	5,772	0	(1,348)	(100)	4,324
2005							
15.8.2003	24.6.2008	0.93	9,864	0	(4,992)	(3)	4,869
10.6.2004	24.6.2008	1.05	2,251	0	(1,276)	(72)	903
		Total	12,115	0	(6,268)	(75)	5,772

12. Share Capital (continued)

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

Details relating to options exercised during financial year are as follow:

Exercise date	Fair value of shares at share issue date RM/share			Exercise price RM/share	No. of shares issued 2006 '000	2005 '000
31.1.05 – 7.2.05	1.26	to	1.34	0.93	0	3,828
31.1.05 – 7.2.05	1.26	to	1.34	1.05	0	1,127
29.4.05 – 6.5.05	1.22	to	1.27	0.93	0	372
29.4.05 – 6.5.05	1.22	to	1.27	1.05	0	143
29.7.05 – 4.8.05	1.22	to	1.25	0.93	0	121
29.7.05 – 4.8.05	1.22	to	1.25	1.05	0	6
31.10.05 – 9.11.05	1.21	to	1.24	0.93	0	671
2.5.06 – 5.5.06	1.45	to	1.49	0.93	858	0
2.5.06 – 5.5.06	1.45	to	1.49	1.05	76	0
31.7.06 – 4.8.06	1.31	to	1.36	0.93	137	0
31.7.06 – 4.8.06	1.31	to	1.36	1.05	108	0
31.10.06 – 6.11.06	1.50	to	1.63	0.93	132	0
31.10.06 – 6.11.06	1.50	to	1.63	1.05	37	0
					1,348	6,268

	2006 RM'000	2005 RM'000
Ordinary share capital – at par	674	3,134
Share premium	607	2,848
Proceeds received on exercise of share options	1,281	5,982
Fair value at exercise date of shares issued	1,966	8,061

13. Revaluation and other reserves

Group

The revaluation and other reserves comprise:

	Surplus on revaluation of properties RM'000	Share of revaluation reserves in an associates RM'000	Capital distribution in - specie of Kris Assets shares RM'000	Exchange fluctuation reserves RM'000	Capitalisation of revenue reserves in an associates RM'000	Goodwill arising on consolidation RM'000	Capital redemption reserves RM'000	Total RM'000
2006								
At 1 January	90,726	29,258	183,019	15,179	686	(70,803)	0	248,065
Net deficit of revaluation of property, plant and equipment, net of tax	(8,718)	0	0	0	0	0	0	(8,718)
Currency translation differences arising in the financial year	0	0	0	714	0	0	0	714
Realisation of revaluation surplus on depreciation of property, plant and equipment,	(742)	0	0	0	0	0	0	(742)
Creation of a capital redemption reserve in a subsidiary	0	0	0	0	0	0	200	200
At 31 December	81,266	29,258	183,019	15,893	686	(70,803)	200	239,319

13. Revaluation and other reserves (continued)

	Surplus on revaluation of properties RM'000	Share of revaluation reserves in an associates RM'000	Capital distribution in - specie of Kris Assets on shares RM'000	Exchange fluctuation reserves RM'000	Capitalisation of revenue reserves in an associates RM'000	Goodwill arising on consolidation RM'000	Total RM'000
2005							
At 1January	39,776	29,258	0	17,579	686	(69,740)	17,559
Capital distribution in-specie of a subsidiary's shares	0	0	183,019	0	0	0	183,019
Net surplus on revaluation property, plant and equipment, net of tax	50,950	0	0	0	0	0	50,950
Currency translation differences arising in the financial year	0	0	0	(2,400)	0	0	(2,400)
Goodwill arising on consolidation	0	0	0	0	0	(1,063)	(1,063)
At 31 December	90,726	29,258	183,019	15,179	686	(70,803)	248,065

Company

	2006 RM'000	2005 RM'000
At 1 January	29,258	29,258
Reversal of revaluation surplus of investment in an associate	(29,258)	0
At 31 December	0	29,258

14. Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM115,412,000 (2005: RM73,394,000) out of its retained earnings of RM1,171,769,000 (2005:RM1,198,083,000) as at 31 December 2006 without incurring any additional tax liabilities. The Company also has tax exempt income as at 31 December 2006 amounting to RM80,271,000 (2005: RM96,634,000) available for distribution as tax exempt dividends to shareholders. The extent of the retained earnings not covered at that date amounted to RM976,086,000 (2005: RM1,028,055,000).

15. Borrowings

	Group		Company	
	2006 RM '000	2005 RM '000	**2006 RM '000**	2005 RM '000
Current				
Unsecured				
Term loans	**34,326**	3,064	**0**	0
Revolving credits	**40,000**	7,300	**0**	0
Secured				
Term loans	**15,000**	20,500	**0**	0
Revolving credits	**0**	4,500	**0**	0
Redeemable secured bonds	**40,000**	30,000	**0**	0
Bank overdrafts	**0**	2,017	**0**	2,017
	129,326	67,381	**0**	2,017
Non-current				
Unsecured				
Term loans	**29,841**	15,751	**0**	0
Secured				
Term loans	**50,000**	114,500	**50,000**	50,000
Redeemable secured bonds	**330,000**	370,000	**0**	0
Bank guaranteed bonds	**195,013**	200,000	**0**	0
	604,854	700,251	**50,000**	50,000
Total repayable	**734,180**	767,632	**50,000**	52,017

Currency exposure profile of bank borrowings is as follows:

- US Dollar	**14,667**	18,815	**0**	0
- Ringgit Malaysia	**719,513**	748,817	**50,000**	52,017
	734,180	767,632	**50,000**	52,017

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

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

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

15. Borrowings (continued)

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

The BG Bonds are secured as follows:

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

	Group		Company	
	2006 % per annum	2005 % per annum	2006 % per annum	2005 % per annum
Weighted average effective finance rates at balance sheet date:				
Bank overdrafts	0	7.00	0	7.00
Revolving credits	4.95	4.14	0	0
Term loans	6.09	5.90	5.80	5.80
Redeemable secured bonds	5.80	5.80	0	0
Bank guaranteed bonds	4.00	4.00	0	0

Group borrowings: maturity and exposure to finance rate risk

Group	Not later than 1 year RM '000	Later than 1 year and not later than 2 years RM '000	Later than 2 years and not later than 5 years RM '000	Later than 5 years RM '000	Total RM '000
At 31 December 2006					
Fixed finance rate:					
- Term loans	31,500	18,000	50,000	0	99,500
- Redeemable secured bonds	40,000	40,000	140,000	150,000	370,000
- Bank guaranteed bonds	0	0	0	195,013	195,013
	71,500	58,000	190,000	345,013	664,513
Floating finance rate:					
- Term loans	17,826	2,120	9,721	0	29,667
- Revolving credit	40,000	0	0	0	40,000
	57,826	2,120	9,721	0	69,667
	129,326	60,120	199,721	345,013	734,180

15. Borrowings (continued)

Group	Not later than 1 year RM '000	Later than 1 year and not later than 2 years RM '000	Later than 2 years and not later than 5 years RM '000	Later than 5 years RM '000	Total RM '000
At 31 December 2005					
Fixed finance rate:					
- Term loans	23,564	69,812	60,439	0	153,815
- Redeemable secured bonds	30,000	40,000	130,000	200,000	400,000
- Bank guaranteed bonds	0	0	0	200,000	200,000
	53,564	109,812	190,439	400,000	753,815
Floating finance rate:					
- Revolving credits	11,800	0	0	0	11,800
- Bank Overdrafts	2,017	0	0	0	2,017
	13,817	0	0	0	13,817
	67,381	109,812	190,439	400,000	767,632

Company borrowings: maturity and exposure to finance rate risk

Company	Not later than 1 year RM '000	Later than 1 year and not later than 2 years RM '000	Later than 2 years and not later than 5 years RM '000	Later than 5 years RM '000	Total RM '000
At 31 December 2006					
Fixed finance rate:					
- Term loan	0	0	50,000	0	50,000
	0	0	50,000	0	50,000
At 31 December 2005					
Fixed finance rate:					
- Term loan	0	0	50,000	0	50,000
Floating finance rate:					
- Bank overdrafts	2,017	0	0	0	2,017
	2,017	0	50,000	0	52,017

Estimated fair values

The carrying amounts of bank overdrafts, revolving credits and term loans with floating finance rates and the carrying amount of the borrowing due within one year approximated their fair values at balance sheet date. The fair values of other borrowings with fixed finance rate and borrowings due after one year are as follows:

15. Borrowings (continued)

	Group			
	2006		2005	
	Carrying amount RM '000	Fair value RM '000	Carrying amount RM '000	Fair value RM '000
Term loans	68,000	67,121	130,251	127,408
Redeemable secured bonds	330,000	353,000	370,000	387,000
Bank guaranteed bonds	195,013	192,000	200,000	182,000
	593,013	612,121	700,251	696,408

	Company			
	2006		2005	
	Carrying amount RM '000	Fair value RM '000	Carrying amount RM '000	Fair value RM '000
Term loan	50,000	49,435	50,000	49,143

16. Deferred taxation

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

	Group		Company	
	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
Deferred tax assets	2,310	2,786	520	520
Deferred tax liabilities:				
- subject to income tax	(78,804)	(85,993)	0	0
- subject to real property gains tax	(20,275)	(20,747)	0	0
	(99,079)	(106,740)	0	0
At 31 December	(96,769)	(103,954)	520	520

		Group		Company	
	Note	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
At 1 January		(103,954)	(77,803)	520	(1,600)
Credited/(charged) to income statement:	9				
- property, plant and equipment		1,299	2,429	0	2,120
- property development costs		2,002	2,737	0	0
- tax losses		4,500	(11,465)	0	0
- others		376	(38)	0	0
		8,177	(6,337)	0	2,120
Charged to equity					
-revaluation of property, plant and equipment		(992)	(19,814)	0	0
At 31 December		(96,769)	(103,954)	520	520

16. Deferred taxation (continued)

	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Subject to income tax				
Deferred tax assets (before offsetting)				
- Tax losses	8,501	4,001	0	0
- Others	865	489	600	600
	9,366	4,490	600	600
Offsetting	(7,056)	(1,704)	(80)	(80)
Deferred tax assets (after offsetting)	2,310	2,786	520	520
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	(62,458)	(62,293)	80	80
- Property development costs	(22,412)	(24,414)	0	0
- Land held for property development	(990)	(990)	0	0
	(85,860)	(87,697)	80	80
Offsetting	7,056	1,704	(80)	(80)
Deferred tax liabilities (after offsetting)	(78,804)	(85,993)	0	0
Subject to capital gains tax				
Deferred tax liabilities				
- Property, plant and equipment	(19,350)	(19,822)	0	0
- Others	(925)	(925)	0	0
	(20,275)	(20,747)	0	0

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

	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Deductible temporary differences	801	640	0	0
Tax losses	62,704	63,139	0	0

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

17. Property, plant and equipment

Group 2006	Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold land RM'000	← Hotel properties Freehold land RM'000	Hotel properties → Hotel Bulidings RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work in progress RM'000	Total RM'000
At 1 January											
At cost	149,404	7,348	116,873	71,372	136,562	616,435	212,014	5,832	82,893	307,817	1,706,550
At valuation	26,999	0	0	16,133	151,294	0	0	0	0	0	194,426
Additions	0	0	0	0	903	1,006	2,509	802	16,143	306,307	327,670
(Deficit)/surplus on revaluation of property	(8,798)	0	0	(633)	442	0	0	0	0	0	(8,989)
Currency translation differences	0	(480)	0	0	0	(2,762)	(1,336)	(19)	(269)	0	(4,866)
Reclassification of account	0	0	0	0	0	(16,583)	1,674	0	0	14,909	0
Transfer to non-current assets held for sale	(1,339)	0	0	0	0	0	0	0	0	(1,732)	(3,071)
Reclassification to investment properties	(107,935)	0	0	0	0	(537,628)	(149,312)	0	0	0	(794,875)
Write off	0	0	0	0	0	0	0	(13)	(131)	0	(144)
Disposals	0	0	0	0	0	0	(3)	(24)	(189)	0	(216)
At 31 December	58,331	6,868	116,873	86,872	289,201	60,468	65,546	6,578	98,447	627,301	1,416,485
Accumulated depreciation											
At 1 January	0	1,714	3,011	0	0	75,954	129,027	3,129	55,961	0	268,796
Charge for the financial year	0	514	229	0	7,868	804	3,998	921	8,516	0	22,850
Currency translation differences	0	0	(112)	0	0	(931)	(309)	(18)	(132)	0	(1,502)
Adjustment on revaluation surplus	0	0	0	0	(1,263)	0	0	0	0	0	(1,263)
Reclassification to investment properties	0	0	0	0	0	(62,864)	(98,576)	0	0		(161,440)
Write off	0	0	0	0	0	0	0	(12)	(82)	0	(94)
Disposals	0	0	0	0	0	0	(1)	(20)	(172)	0	(193)
At 31 December	0	2,228	3,128	0	6,605	12,963	34,139	4,000	64,091	0	127, 154
										0	
Accumulated impairment losses											
At 1 January	0	0	0	0	6,000	7,000	0	0	0	0	13,000
Charge for the financial year	0	0	0	0	0	7,000	0	0	0	0	7,000
At 31 December	0	0	0	0	6,000	14,000	0	0	0	0	20,000
Net book value											
At 31 December 2006											
At cost	40,130	4,640	113,745	0	78,341	33,505	31,407	2,578	34,356	627,301	966,003
At valuation	18,201	0	0	86,872	198,255	0	0	0	0	0	303,328
	58,331	4,640	113,745	86,872	276,596	33,505	31,407	2,578	34,356	627,301	1,269,331

17. Property, plant and equipment (continued)

Group

2005	Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold land RM'000	← Hotel properties → Freehold land RM'000	Hotel Bulidings RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work in progress RM'000	Total RM'000
At 1 January											
At cost	148,824	7,387	115,441	71,372	87,485	619,401	213,281	5,165	76,762	231,930	1,577,048
At valuation	26,999	0	0	16,133	48,294	0	0	0	0	0	91,426
Additions	580	0	0	0	44,863	33	310	1,528	8,440	109,708	165,462
Net surplus on revaluation of property, plant and equipment	0	0	0	0	70,764	0	0	0	0	0	70,764
Currency translation differences	0	(39)	0	0	0	(223)	(108)	(2)	(22)	0	(394)
Reclassification of account	0	0	1,432	0	36,450	(2,776)	(1,288)	0	3	(33,821)	0
Write off	0	0	0	0	0	0	(22)	0	(203)	0	(225)
Disposals	0	0	0	0	0	0	(159)	(859)	(2,087)	0	(3,105)
At 31 December	176,403	7,348	116,873	87,505	287,856	616,435	212,014	5,832	82,893	307,817	1,900,976
Accumulated depreciation											
At 1 January	0	1,477	2,490	0	0	67,511	109,416	2,888	49,021	0	232,803
Charge for the financial year	0	245	521	0	0	8,512	19,779	1,081	8,295	0	38,433
Currency translation differences	0	(8)	0	0	0	(69)	(21)	(1)	(10)	0	(109)
Write off	0	0	0	0	0	0	(12)	0	(147)	0	(159)
Disposals	0	0	0	0	0	0	(135)	(839)	(1,198)	0	(2,172)
At 31 December	0	1,714	3,011	0	0	75,954	129,027	3,129	55,961	0	268,796
Accumulated impairment losses											
At 1 January	0	0	0	0	0	0	0	0	0	0	0
Charge for the financial year	0	0	0	0	6,000	7,000	0	0	0	0	13,000
At 31 December	0	0	0	0	6,000	7,000	0	0	0	0	13,000
Net book value											
At 31 December 2005											
At cost	149,404	5,634	113,862	71,372	130,562	533,481	82,987	2,703	26,932	307,817	1,424,754
At valuation	26,999	0	0	16,133	151,294	0	0	0	0	0	194,426
	176,403	5,634	113,862	87,505	281,856	533,481	82,987	2,703	26,932	307,817	1,619,180

17. Property, plant and equipment (continued)

Company 2006	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Office furniture, fittings and equipment RM '000	Total RM '000
At cost					
At 1 January	1,932	5,621	986	3,791	12,330
Additions	0	0	391	339	730
At 31 December	1,932	5,621	1,377	4,130	13,060
Accumulated depreciation					
At 1 January	386	5,450	569	2,812	9,217
Charge for the financial year	38	65	166	310	579
At 31 December	424	5,515	735	3,122	9,796
Net book value					
At 31 December 2006	1,508	106	642	1,008	3,264
2005					
At cost					
At 1 January	1,932	5,621	655	3,730	11,938
Additions	0	0	331	252	583
Disposals	0	0	0	(191)	(191)
At 31 December	1,932	5,621	986	3,791	12,330
Accumulated depreciation					
At 1 January	348	5,386	466	2,608	8,808
Charge for the financial year	38	64	103	378	583
Disposals	0	0	0	(174)	(174)
At 31 December	386	5,450	569	2,812	9,217
Net book value					
At 31 December 2005	1,546	171	417	979	3,113

(a) Freehold land

A freehold land of a subsidiary was stated at valuation on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers on a fair market value basis. The Directors applied the transitional provisions of International Accounting Standard ('IAS') No. 16 (Revised) Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board which allows these assets to be stated at their 1996 valuation. Accordingly, these assets have been stated at their existing carrying amounts less accumulated depreciation and impairment losses.

During the financial year, a valuation was carried out by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia, and a partner with Khong & Jaafar Sdn Bhd, based on market value.

Based on this valuation, the value of the freehold land is RM18,200,000 as compared to its carrying value of RM26,998,488. The deficit of RM8,798,488 has been accounted for by reversing previous revaluation surplus of RM8,798,488 for the same asset.

17. Property, plant and equipment (continued)

(b) Hotel Properties

In accordance with the Group's accounting policy on property, plant and equipment, hotel properties (land and building) are revalued once every 5 years by external independent valuers. The following are the valuations performed on hotel properties, where valuations were due during the financial year:

Freehold land

(i) The freehold land of a hotel properties of a subsidiary stated at valuation was revalued during the financial year by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia, and a partner with Khong & Jaafar Sdn Bhd, based on market value.

Based on this valuation, the value of the freehold land is RM15,500,000 as compared to its carrying value of RM16,133,124. The deficit of RM633,124 has been accounted for by reversing previous revaluation surplus for the same asset.

Hotel building

(i) An impairment loss of RM7,000,000 (2005: RM7,000,000) is recognised in the income statement during the financial year in respect of a hotel building in a foreign country, which is impaired. The amount was derived based on the shortfall between value in use and the net book value of the hotel building. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset.

(ii) The hotel building of a subsidiary stated at valuation was revalued during the financial year by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia and a partner with Khong & Jaafar Sdn Bhd based on market value.

Base on this valuation, the value of the hotel building was RM50,000,000, as compared to the carrying value of RM48,294,636. The resultant surplus of RM1,705,364 has been credited to revaluation reserve and adjusted to the hotel building by eliminating the accumulated depreciation of RM1,262,988.

(iii) In preceding financial year, a hotel building was revalued on market value on 22 March 2006 by an independent qualified valuer Mr Subramaniam A/L Arumugam, a registered valuer of the Colliers, Jordan Lee & Jaafar Sdn Bhd using the comparison method to reflect the market value of the hotel building. The profits method was used to counter check the comparison method.

Based on this valuation, the value of the hotel building was RM103,000,000, as compared to its carrying value of RM32,236,264. The resultant surplus of RM70,763,736 has been credited to revaluation surplus.

(iv) In the preceding financial year, the Group has write down a hotel building from the carrying value of RM35,000,000 to RM29,000,000 based on an indicative offer from a potential buyer. The short fall of RM6,000,000 has been accounted as impairment loss in the income statement.

	Group		Company	
	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
Net book value of revalued property, plant and equipment had these assets been carried at cost less accumulated depreciation:				
- freehold land	1,040	1,040	0	0
- hotel properties:				
- land	24,462	1,667	0	0
- buildings	133,485	76,817	0	0
	158,987	79,524	0	0
Net book value of asset pledged as security for borrowings (note 15):				
- plant and machinery	0	50,735	0	0
- long term leasehold land	46,446	46,446	0	0
- buildings	0	393,994	0	0
- hotel properties	65,500	64,428	0	0
	111,946	555,603	0	0

18. Property development activities

(a) Land held for property development

	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Land	129,666	100,617	6,345	6,345
Development costs	93,584	66,291	45	45
	223,250	166,908	6,390	6,390
Add: Cost incurred during the financial year				
- Development costs	167	0	13	0
Add: Transfer from property development costs				
- Land	0	29,049	0	0
- Development costs	0	27,293	0	0
	223,417	223,250	6,403	6,390
Less: Development costs written off	(289)	0	0	0
Less: Accumulated impairment loss	(10,795)	(4,000)	0	0
	212,333	219,250	6,403	6,390

During the financial year, the Group provided additional impairment loss of RM6,795,000 (2005:RM4,000,000) on a piece of land held for property development due to unfavourable development condition. The impairment loss provided is based on the difference between the market value of the land as valued by an external independent valuer and its carrying amount.

(b) Property development costs

	Group 2006 RM '000	Group 2005 RM '000	Company 2006 RM '000	Company 2005 RM '000
Land	168,128	187,456	9,444	9,444
Development costs	586,252	444,118	34,677	17,991
	754,380	631,574	44,121	27,435
Add: Cost incurred during the financial year				
- Land cost	38,548	11,706	0	0
- Development costs	139,822	182,333	35,311	16,686
	932,750	825,613	79,432	44,121
Less: Cost recognised as an expense in income statement				
- Previous financial years	(448,882)	(286,379)	(22,343)	0
- Current financial year	(261,908)	(196,334)	(36,361)	(22,343)
	221,960	342,900	20,728	21,778
Transfer to land held for property development				
- Land cost	0	(29,049)	0	0
- Development costs	0	(27,293)	0	0
Transfer to inventories	(30,172)	(8,458)	0	0
	191,788	278,100	20,728	21,778

18. Property development activities (continued)

(b) Property development costs (continued)

Land held for property development and property development costs of the Group amounting to RM25,960,296 (2005: RM53,236,043) have been charged as security for certain term loan and bank overdraft facilities as disclosed in note 15.

Included in the Group's property development costs incurred during the financial year is interest capitalised of RM3,072,182 (2005: RM8,914,011).

19. Investment Properties

	Freehold land RM '000	Buildings RM '000	Plant and machinery RM '000	Total RM '000
2006				
At cost				
At 1 January	0	0	0	0
Reclassification from property, plant and equipment	107,935	537,628	149,312	794,875
At 31 December	107,935	537,628	149,312	794,875
Accumulated depreciation				
At 1 January	0	0	0	0
Reclassification from property, plant and equipment	0	62,864	98,576	161,440
Charge for the financial year	0	10,986	16,247	27,233
At 31 December	0	73,850	114,823	188,673
Net book value	107,935	463,778	34,489	606,202
2005				
At cost				
At 1 January/31 December	0	0	0	0
Accumulated depreciation				
At 1 January/31 December	0	0	0	0
Net carrying value	0	0	0	0

The fair value of the investment properties above were estimated at RM1,719,500,000 based on valuations by management. Valuations were based on current prices in an active market for certain properties and where appropriate, the investment method reflecting receipt of contractual rentals, expected future market rentals, current market yields, void periods, sinking funds and maintenance requirements and approximate capitalisation rates is used. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

Investment properties with net book value RM411,114,240 (2005: Nil) have been charged as security for borrowings as disclosed in note 15.

At 31 December 2006, the Group does not have any unprovided contractual obligations for future repairs and maintenance.

20. Subsidiaries

	Company 2006 RM '000	Company 2005 RM '000
At cost		
- Quoted shares	738,793	738,793
- Quoted warrants	4,998	0
- Unquoted shares	1,093,981	1,053,704
Less: Accumulated impairment losses	(3,754)	(3,754)
	1,834,018	1,788,743
Market value of quoted shares	618,823	0
Market value of quoted warrants	32,492	0

In the preceding financial year, no market value of quoted shares were disclosed because the shares were suspended from trading on Bursa Malaysia Securities Berhad.

Details of subsidiaries are set out in note 41.

21. Associates

	Group 2006 RM '000	Group 2005 RM '000
Share of net assets of associates	617,304	602,665
Less: Accumulated impairment losses	(44,975)	(26,431)
	572,329	576,234

During the financial year, the Group provided additional impairment loss of RM18,544,000 based on the difference of the carrying amount and its estimated recoverable amount

	Company 2006 RM '000	Company 2005 RM '000
Unquoted ordinary shares, at valuation*	0	50,000
Unquoted ordinary shares, at cost	30,242	11,000
Unquoted preference shares, at cost	100,000	100,000
Less: Accumulated impairment losses	(1,482)	0
	128,760	161,000
Quoted shares, at cost	38,841	38,841
Less: Accumulated impairment losses	(6,506)	0
	32,335	38,841
Total	161,095	199,841
Market value of quoted shares	32,335	40,243

* The Company's investment in an associate was revalued by the Directors in 1992 on the basis of its underlying net assets value. During the financial year, this investment was restated back at cost to be consistent with other investments in associate and in accordance with the Company's accounting policy. As such, the investment amounting to RM20,742,000 has been included in unquoted ordinary shares, at cost for the current financial year.

21. Associates (continued)

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

	2006 RM '000	2005 RM '000
Revenue	251,755	281,063
Profit after tax	55,626	34,170
Non-current assets	799,792	777,566
Current assets	365,248	379,591
Current liabilities	(315,113)	(303,221)
Non-current liabilities	(232,623)	(251,271)
Net assets	617,304	602,665

Details of associates are set out in note 42.

22. Other investments

	Group		Company	
	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
At cost				
Unquoted shares				
- In Malaysia	11,784	11,784	3,900	3,900
- Outside Malaysia	46,792	46,792	0	0
	58,576	58,576	3,900	3,900
Less: Accumulated impairment losses	(49,821)	(42,766)	(1,838)	0
	8,755	15,810	2,062	3,900

23. Inventories

	Group		Company	
	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
At cost				
Inventories of unsold properties	84,635	67,188	37,348	37,348
Consumables	0	25	0	0
Finished goods	559	621	0	0
Hotel operating supplies	1,254	1,204	0	0
At net realisable value	86,448	69,038	37,348	37,348
Inventories of unsold properties	935	0	0	0
	87,383	69,038	37,348	37,348

24. Marketable securities

	Group		Company	
	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
At cost				
Quoted shares				
- In Malaysia	6,529	6,529	6,529	6,529
Quoted warrants				
- In Malaysia	0	7,036	0	7,036
	6,529	13,565	6,529	13,565
Less: Accumulated impairment losses	(1,986)	(7,923)	(1,986)	(7,923)
	4,543	5,642	4,543	5,642
Market value of marketable securities				
Quoted shares				
- In Malaysia	4,543	5,408	4,543	5,408
Quoted warrants				
- In Malaysia	0	234	0	234
	4,543	5,642	4,543	5,642

25. Trade and other receivables

	Group		Company	
	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
Trade receivables	115,545	76,809	26,698	2,334
Less: Allowance for doubtful debts	(4,211)	(3,358)	(1,127)	(595)
	111,334	73,451	25,571	1,739
Other receivables	53,730	26,890	13,560	13,824
Less: Allowance for doubtful debts	(5,810)	(1,094)	(5,810)	(1,094)
	47,920	25,796	7,750	12,730
Accrued billings	19,617	71,309	0	0
Dividend receivable	0	0	3,348	10,528
Sundry deposits	3,041	3,243	353	353
Prepayments	4,842	8,805	0	0
	186,754	182,604	37,022	25,350
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	110,884	72,957	25,571	1,739
- US Dollar	450	494	0	0
	111,334	73,451	25,571	1,739

Credit terms of trade receivables of the Group and Company range from payment in advance to 45 days (2005: payment in advance to 45 days).

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

26. Amounts owing by/to subsidiaries

	Company 2006 RM '000	Company 2005 RM '000
Amounts owing by subsidiaries	703,597	606,613
Less: Allowance for doubtful debts	(40,415)	(18,574)
	663,182	588,039
Amounts owing to subsidiaries	649,650	612,295

The amounts owing by/to subsidiaries represent advances and are unsecured and have no fixed terms of repayment. The amounts owing by subsidiaries are interest free (2005: interest free) except for an amount of RM107,947,506 (2005: RM292,690,957) which carries interest at a rate of 5% (2005: 5%) per annum. The amounts owing to subsidiaries are interest free (2005: interest free).

27. Amounts owing by/to associates

	Group		Company	
	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
Amounts owing by associates	122,455	121,802	96,656	96,389
Less: Allowance for doubtful debts	(3,477)	(3,477)	(3,477)	(3,477)
	118,978	118,325	93,179	92,912
Amounts owing to associates	28,739	35,324	1,469	9,269

The amounts owing by/to associates represent advances, unsecured, interest free (2005: interest free) and have no fixed terms of repayment.

28. Cash and cash equivalents

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

	Group		Company	
	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
Deposits with licensed banks	440,512	381,098	139,575	259,549
Cash and bank balances	114,679	214,647	22,276	21,611
Bank overdrafts	0	(2,017)	0	(2,017)
	555,191	593,728	161,851	279,143

The currency exposure profile of cash and cash equivalents is as follows:

- Ringgit Malaysia	439,940	471,960	90,035	200,094
- US Dollar	73,648	80,098	71,816	79,049
- Singapore Dollar	3,118	1,948	0	0
- Hong Kong Dollar	35,130	37,283	0	0
- Australian Dollar	3,355	2,439	0	0
	555,191	593,728	161,851	279,143

28. Cash and cash equivalents (continued)

Included in the above is cash and bank balances amounting to RM60,318,189 (2005: RM44,702,097) and RM10,156,554 (2005: RM16,820,139) for the Group and Company respectively, which are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the property development projects of the Group and Company.

Deposits with licensed banks of the Group and Company at the balance sheet date both have an average maturity period of 30 days (2005: 71 days). Bank balances are deposits held at call with banks and earn no interest except for bank balances which are maintained in designated Housing Development Accounts. The weighted average interest rate as at the balance sheet date is 2% (2005: 2%).

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

	Group		Company	
	2006 % per annum	2005 % per annum	2006 % per annum	2005 % per annum
Deposits with licensed banks				
- Ringgit Malaysia	3.32	2.69	3.32	2.71
- US Dollar	5.03	3.09	5.03	3.09
- Singapore Dollar	2.95	2.75	0	0
- Hong Kong Dollar	4.00	1.74	0	0
- Australian Dollar	4.75	4.71	0	0

29. Non-current assets held for sale

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Associate	16,928	0	0	0
Freehold land	3,071	0	0	0
	19,999	0	0	0

The Group's investment in an associate, SuCasa Sdn Bhd has been presented as held for sale as, on 30 August 2006, the Group entered into an agreement to dispose its entire 40% interest in SuCasa Sdn Bhd. The sale was completed on 28 February 2007.

The Group has presented a freehold land as held for sale following a communication from a local authority for compulsory acquisition on the land. The disposal was completed on 1 March 2007.

30. Trade and other payables

		Group		Company	
	Note	2006 RM '000	2005 RM '000	2006 RM '000	2005 RM '000
Trade payables		289,522	188,191	13,248	8,099
Accruals		56,461	41,634	2,089	2,363
Other payables		44,382	48,554	4,061	212
Amount owing on purchase of treasury shares		0	8,382	0	8,382
Tenants' deposits received		15,526	10,124	1,140	1,369
Amounts due from customers on contracts	32	0	(141)	0	0
		405,891	296,744	20,538	20,425
The currency exposure profile of trade payables is as follows:					
- Ringgit Malaysia		289,441	188,129	13,248	8,099
- US Dollar		81	62	0	0
		289,522	188,191	13,248	8,099

Credit terms of trade payables vary from no credit to 30 days. (2005: no credit to 30 days).

Included in the trade payables of the Group is retention on contract sum of RM26,044,332 (2005: RM22,897,116).

31. Amount owing by a jointly controlled operation

	Group	
	2006 RM '000	2005 RM '000
Amount owing by a jointly controlled operation	7,710	3,655
Share of profit from a jointly controlled operation	3,127	1,147
	10,837	4,802

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

The Group's share of the assets and liabilities of the jointly controlled operation is as follow:

	Group	
	2006 RM '000	2005 RM '000
Current assets	34,521	15,768
Current liabilities	(28,325)	(12,934)
Net amount due from Joint Venture partner	4,641	1,968
	10,837	4,802

31. Amount owing by a jointly controlled operation (continued)

The Group's share of revenue and expenses of the jointly controlled operation is as follow:

	Group	
	2006	2005
	RM '000	RM '000
Contract revenue	**102,939**	59,633
Contract costs	**(100,959)**	(58,486)
Profit for the financial year	**1,980**	1,147

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

32. Construction contracts

		Group	
	Note	**2006**	2005
		RM'000	RM'000
Costs incurred to-date		**0**	179
Attributable profit		**0**	0
		0	179
Less: Progress billings		**0**	(38)
		0	141
Amounts due from customers on contracts	30	**0**	141
Retention on contracts included in trade payables		**13,346**	0
Retention on contracts included in trade receivables		**2,340**	2,579

33. Segment reporting – Group

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

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

Other operations of the Group mainly comprise laundry, hospital, medical centre and investment holding; none of which are of a significant size to be reported separately.

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

33. Segement reporting - Group (continued)

(a) Primary reporting format - business segment

2006	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue						
Total revenue	437,535	214,491	123,534	132,710	69,472	977,742
Intersegment revenue	(54,389)	(4,825)	(2,849)	(132,710)	(64,008)	(258,781)
External revenue	383,146	209,666	120,685	0	5,464	718,961
Results						
Segment results (external)	84,207	101,011	12,013	770	(15,627)	182,374
Unallocated corporate expenses						(22,776)
Unallocated income						20,525
Profit from operations						180,123
Finance cost						(43,267)
Share of results of associates	20,636	1,624	29,293	4	4,069	55,626
Share of results of a jointly controlled operation	0	0	0	1,980	0	1,980
Gain on disposal of an associate	7,556	0	0	0	0	7,566
Profit before tax						202,028
Tax expense						(57,361)
Profit for the financial year						144,667
Other information						
Segment assets	773,443	1,386,119	529,739	28,090	14,494	2,731,885
Associates	191,243	19,112	302,178	0	59,796	572,329
Unallocated assets						557,500
Total assets						3,861,714
Segment liabilities	227,937	158,029	23,975	12,114	12,375	434,430
Unallocated liabilities						859,202
Total liabilities						1,293,632
Capital expenditure	208,855	95,335	21,010	2,401	69	327,670
Depreciation:						
- property, plant and equipment	1,009	4,470	15,867	1,462	42	22,850
- investment properties	0	27,233	0	0	0	27,233
Impairment loss:						
- marketable securities	1,099	0	0	0	0	1,099
- property, plant and equipment	0	0	7,000	0	0	7,000
- land held for property development	6,795	0	0	0	0	6,795
- associates	0	0	0	0	0	18,544
- other investments	0	0	0	0	0	7,055

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

Capital expenditure comprises additions to property, plant and equipment (note 17).

33. Segement reporting - Group (continued)

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

2005	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue						
Total revenue	368,551	196,869	97,494	165,758	36,478	865,150
Intersegment revenue	(84,853)	(6,007)	(1,762)	(152,851)	0	(245,473)
External revenue	283,698	190,862	95,732	12,907	36,478	619,677
Results						
Segment results (external)	58,858	90,576	6,434	2,054	204	158,126
Unallocated corporate expenses						(18,253)
Unallocated income						17,389
Profit from operations						157,262
Finance costs						(35,055)
Share of results of associates	5,070	(143)	27,961	0	1,282	34,170
Share of results of a jointly controlled operation	0	0	0	1,147	0	1,147
Loss on disposal of an associate	(1,195)	0	0	0	0	(1,195)
Profit before tax						156,329
Tax expenses						(43,100)
Profit for the financial year						113,229
Other information						
Segment assets	823,479	1,100,292	581,479	18,699	376	2,524,325
Associates	212,921	17,487	285,328	0	60,498	576,234
Unallocated assets						595,745
Total assets						3,696,304
Segment liabilities	221,576	141,931	65,552	22,798	5,791	457,648
Unallocated liabilities						767,632
Total liabilities						1,225,280
Capital expenditure	105,343	5,584	53,855	598	82	165,462
Depreciation:						
-property, plant and equipment	924	27,479	8,986	1,013	31	38,433
Impairment loss:						
- marketable securities	2,379	0	0	0	0	2,379
- property, plant and equipment	0	0	13,000	0	0	13,000
- land held for property development	4,000	0	0	0	0	4,000
- associates	0	0	0	0	0	577

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

Capital expenditure comprises additions to property, plant and equipment (note 17).

33. Segement reporting - Group (continued)

(b) Secondary reporting format - geographical segments

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

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

* Company's home country

	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
2006			
Malaysia	713,460	3,606,101	327,573
Asia Pacific	5,501	115,577	97
United Kingdom	0	140,036	0
	718,961	3,861,714	327,670
2005			
Malaysia	613,995	3,474,647	165,418
Asia Pacific	5,682	102,350	44
United Kingdom	0	119,307	0
	619,677	3,696,304	165,462

34. Contingent liabilities

	Company	
	2006 RM '000	2005 RM '000
Corporate guarantees issued for bank facilities granted to subsidiaries (unsecured)	111,359	98,165

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

The Group's share of contingent liabilities in associate (unsecured) is approximately RM737,000 (2005:RM2,176,000).

35. Capital commitment

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

	Group	
	2006 RM '000	2005 RM '000
Authorised by Directors and contracted		
- Property, plant and equipment	790,662	633,167
- Investment properties	1,227	789
	791,889	633,956
Authorised by Directors but not contracted		
- Property, plant and equipment	14,538	2,872
	806,427	636,828

The Group's share of capital commitment in associates is approximately RM1,268,000 (2005:RM600,000).

36. Significant related party disclosures

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

	Group 2006 RM '000	Group 2005 RM '000
(a) Associates		
(Repayments from)/advances to:		
- Great Union Properties Sdn Bhd	(20)	7,835
- Istaron Limited	0	(12,601)
- Gunung Lang Developments Sdn Bhd	0	(9,165)
Repayments to:		
- Hampshire Park Sdn Bhd	0	21,149
- Kumpulan Sierramas (M) Sdn Bhd	0	415

(b) Other related parties	Relationship
Wah Seong Corporation Berhad	A company in which Robert Tan Chung Meng, Pauline Tan Suat Ming, Tony Tan @ Choon Keat, Directors of the Company and Dato' Tan Chin Nam are substantial shareholders.
Syn Tai Hung Trading Sdn Bhd	A subsidiary of Wah Seong Corporation Berhad.
Wah Seong (Malaya) Trading Co. Sdn Bhd	A company in which Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have no less than 15% deemed interest.
Cahaya Utara Sdn Bhd	An associate of Wah Seong (Malaya) Trading Co. Sdn Bhd.
Strass Media Sdn Bhd	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn Bhd.
Jeyaratnam & Chong	A company in which Tan Boon Seng, Tan Lei Cheng and Tan Boon Lee, Directors of the Company, are related to a Senior Partner.
Macro Lynx Sdn Bhd	A subsidiary of Goldis Berhad, a substantial shareholder of the Company.

36. Significant related party disclosures (continued)

	Group 2006 RM '000	Group 2005 RM '000
Light boxes rental, pedestrian bridge and office rental		
- Strass Media Sdn Bhd	1,553	214
Management/marketing fee income from:		
- Cahaya Utara Sdn Bhd	1,281	1,251
Purchases of building materials from:		
- Syn Tai Hung Trading Sdn Bhd	11,518	9,776
Legal advisory services and office rental		
- Jeyaratnam & Chong	507	690
Broadband purchase and website maintenance charged by:		
- Macro Lynx Sdn Bhd	94	1,195

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

	Type of transaction	Group 2006 RM '000	Group 2005 RM '000
(i) Associate – Receivable			
- Great Union Properties Sdn Bhd	Advances	0	7,835

Other than disclosed above, there is no other significant outstanding balances arising from non-trade transactions during the financial year.

37. Business combination

On 18 April 2006, the company acquired a 100% interest in IGB Credit Sdn Bhd, a dormant company, for RM2.

On 20 July 2006, the company acquired a 100% interest in Mid Valley City Energy Sdn Bhd (formerly known as Darul Sentral (M) Sdn Bhd), a shelf company, for RM2.

On 10 October 2006, the Group through its wholly owned subsidiary, Tan & Tan Developments Berhad disposed its 30.6% interests in Tanobi Sdn Bhd, for RM11,000. As a result, the Group's interest is reduced from 100% to 69.4%.

There is no material impact to the Group from the above acquisitions and disposal.

On 30 May 2006, the Company acquired the remaining 40% interests in IST Building Products Sdn Bhd ('IST'). After the acquisition, IST became a 100% owned subsidiary of the Company. The purchase consideration consist of cash consideration of RM275,880.

On 23 August 2006, the Company acquired the remaining 10% interest in MIHR Sdn Bhd ('MIHR') through its wholly owned subsidiary, Tan & Tan Developments Berhad. As a result the Company's shareholding in MIHR increased from 90% to 100%. The purchase consideration consist of cash consideration of RM212,600.

Details of net assets acquired are as follows:

	IST RM'000	MIHR RM'000	Total RM'000
Non current assets	5	29	34
Current assets	3,477	193	3,670
Cash and cah equivalents	136	38	174
Current liabilities	(3,329)	(2)	(3,331)
Fair value of net assets acquired	289	258	547
Purchase consideration	276	213	489
Negative goodwill	(13)	(45)	(58)

38. Non-cash transaction

The principal non-cash transaction during the financial year is as follows:

Conversion of ICPS 2002/2007 to Ordinary Share Capital
During the financial year, 4,191,392 ICPS 2002/2007 were converted to 3,143,544 ordinary shares at a conversion price of RM1.33 per ordinary share.

39. Significant events during the financial year

(i) Issuance of 110,134,166 Warrants 2006/2011.

On 26 July 2006, a subsidiary, KrisAssets Holdings Berhad issued 110,134,166 5-year warrants 2006/2011 pursuant to the RM200 million nominal value 7-year AAA-rated bank guaranteed bonds together with detachable provisional rights to allot 5-year warrants.

(ii) Medium Term Notes Programme

A subsidiary, Mid Valley City Sdn Bhd entered into agreements for a 10-year RM200 million nominal value Medium Term Notes Programme ('Programme') on 11 October 2006. The initial drawdown of the Programme would need to be made by 15 December 2007. Rating Agency Malaysia Berhad had accorded an initial rating AA3 and subsequently revised the rating to AA1 for the Programme on 27 March 2007.

(iii) Non-Current asset held for sale

On 30 August 2006, a subsidiary, Tan & Tan Developments Berhad, entered into an agreement to dispose its 40% owned associate, SuCasa Sdn Bhd to Assedina Sdn Bhd, a wholly owned subsidiary of Kuala Lumpur City Corporation Bhd, for RM21,200,000.

40. Significant post balance sheet event

On 28 February 2007, the Group completed its disposal of its associate, SuCasa Sdn Bhd.

41. Subsidiaries

	Name of company	Principal activities	Place of incorporation	Group's Interest (%) 2006	2005
	Abad Flora Sdn. Bhd. [1]	Property Investment	Malaysia	100.0	100.0
	Amanbest Sdn. Bhd. [2]	Property Development	Malaysia	51.0	51.0
	Amandamai Dua Sdn. Bhd. [3]	Property Holding	Malaysia	100.0	100.0
	Amandamai Satu Sdn. Bhd. [4]	Property Development	Malaysia	100.0	100.0
	Angkasa Gagah Sdn. Bhd. [5]	Property Development	Malaysia	100.0	100.0
*	Asian Equity Limited [6]	Investment Holding	British Virgin Islands	55.0	55.0
	Atar Deras Sdn. Bhd. [7]	Property Development	Malaysia	100.0	100.0
*	Auspicious Prospects Ltd. [8]	Investment Holding	Liberia	100.0	100.0
	Belimbing Hills Sdn. Bhd. [9]	Property Development	Malaysia	100.0	100.0
*	Beswell Limited [10]	Investment Holding	Hong Kong	100.0	100.0
	Bintang Buana Sdn. Bhd. [11]	Property Development	Malaysia	90.0	90.0
	Central Review (M) Sdn. Bhd. [12]	Property Investment and Hotel Operations and Management	Malaysia	100.0	100.0

41. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's Interest (%) 2006	Group's Interest (%) 2005
	Cipta Klasik (M) Sdn. Bhd. [13]	Property Investment	Malaysia	100.0	100.0
	Cititel Hotel Management Sdn. Bhd.	Provision of Hotel Management services	Malaysia	60.0	60.0
	City Beauty Sdn. Bhd. [14]	Landscaping and Its Related Business	Malaysia	100.0	100.0
	Corpool Holdings Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
	Danau Bidara (M) Sdn. Bhd. [15]	Property Holding	Malaysia	100.0	100.0
	Dian Rezki Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
	Earning Edge Sdn. Bhd. [16]	Investment Holding	Malaysia	65.0	65.0
	Ensignia Construction Sdn. Bhd.	Investment Holding and Construction	Malaysia	100.0	100.0
	Express Management Consultants Sdn. Bhd. [17]	Dormant	Malaysia	100.0	100.0
*	Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	100.0	100.0
	Harta Villa Sdn. Bhd. [18]	Property Holding	Malaysia	100.0	100.0
	ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
	ICDC Management Sdn. Bhd. [19]	Dormant	Malaysia	100.0	100.0
	IGB Credit Sdn Bhd	Dormant	Malaysia	100.0	0.0
	IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	100.0	100.0
	IGB Properties Sdn. Bhd.	Property Investment and Management	Malaysia	100.0	100.0
	IGB Real Estate Sdn. Bhd. [20]	Dormant	Malaysia	100.0	100.0
	Innovation & Concept Development Co. Sdn. Bhd. [21]	Property Development	Malaysia	100.0	100.0
	Intercontinental Aviation Services Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
	Ipoh Garden Shopping Complex Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
	IST Building Products Sdn Bhd	Trading of Building Materials	Malaysia	100.0	60.0
	IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
	Kemas Muhibbah Sdn. Bhd. [22]	Property Development	Malaysia	100.0	100.0
	KennyVale Sdn. Bhd. [23]	Property Development	Malaysia	100.0	100.0
	Kilat Security Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
	Kondoservis Sdn. Bhd. [24]	Provision of Management Services to Condominiums	Malaysia	100.0	100.0
	K Parking Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
	KrisAssets Holdings Berhad	Investment Holding	Malaysia	74.9	74.9
*	Lingame Company Limited	Investment Holding	Hong Kong	100.0	100.0
	Lucravest Holdings Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
*	MiCasa Hotel Limited [25]	Hotelier	Myanmar	65.0	65.0
	Mid Valley Capital Sdn Bhd [26]	Special Purpose Vehicle for Issuance of Bonds	Malaysia	74.9	74.9
	Mid Valley City Sdn. Bhd. [27]	Owner and Operator of Mid Valley Megamall	Malaysia	74.9	74.9

41. Subsidiaries (continued)

Name of company	Principal activities	Place of incorporation	Group's Interest (%) 2006	2005
Mid Valley City Convention Centre Sdn Bhd.	Property Investment	Malaysia	100.0	100.0
Mid Valley City Developments Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Mid Valley City Enterprise Sdn. Bhd.	Hotel Operator and Owner	Malaysia	100.0	100.0
Mid Valley Food Management Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Mid Valley City Gardens Sdn Bhd	Property Investment	Malaysia	100.0	100.0
Mid Valley City Hotels Sdn Bhd	Property Investment	Malaysia	100.0	100.0
Mid Valley City North Tower Sdn Bhd	Property Investment	Malaysia	100.0	100.0
Mid Valley City Residences Sdn Bhd	Property Investment	Malaysia	100.0	100.0
Mid Valley City South Tower Sdn Bhd	Property Investment	Malaysia	100.0	100.0
MVC Centrepoint North Sdn Bhd (formerly known as Aras Efektif Sdn Bhd)	Property Investment	Malaysia	100.0	100.0
MVC Centrepoint South Sdn Bhd (formerly known as Pesona Langit Sdn Bhd)	Property Investment	Malaysia	100.0	100.0
Mid Valley City Energy Sdn Bhd (formerly known as Darul Sentral (M) Sdn Bhd)	Dormant	Malaysia	100.0	100.0
Mid Valley MC Sdn. Bhd. 28	Property Management	Malaysia	74.9	74.9
Mid Valley Mulia Sdn. Bhd. 29	Property Development	Malaysia	74.9	74.9
Mid Valley Properties Sdn. Bhd. 30	Dormant	Malaysia	74.9	74.9
MIHR Sdn. Bhd. 31	Provision of Hotel Management Consultancy Services	Malaysia	100.0	90.0
Murni Properties Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
MVEC Exhibition and Event Services Sdn. Bhd.	Provision of Exhibition Services	Malaysia	100.0	100.0
Nova Pesona Sdn Bhd 32	Property Development	Malaysia	50.0 (+1 share)	50.0 (+1 share)
OPT Ventures Sdn. Bhd. 33	Property Development	Malaysia	70.0	70.0
Outline Avenue (M) Sdn. Bhd. 34	Property Development	Malaysia	89.6	89.6
Pacific Land Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	100.0	100.0
Pekeliling Land Sdn. Bhd.	Property Holding	Malaysia	100.0	100.0
Pekeliling Property Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Penang Garden Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Permata Dunia Sdn. Bhd. 35	Investment Holding	Malaysia	100.0	100.0
Permata Efektif (M) Sdn. Bhd. 36	Property Development	Malaysia	100.0	100.0
Pinex Sdn. Bhd. 37	Property Development	Malaysia	100.0	100.0
PIR Management Services Sdn. Bhd. 38	Dormant	Malaysia	100.0	100.0
Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	100.0	100.0
Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Primanah Property Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Puncak Megah (M) Sdn. Bhd.	Property Investment	Malaysia	100.0	100.0

41. Subsidiaries (continued)

Name of company	Principal activities	Place of incorporation	Group's Interest (%) 2006	2005
Reka Handal Sdn. Bhd. [39]	Property Development	Malaysia	75.0	75.0
Riraiance Enterprise Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Tanah Permata Sdn. Bhd.[40]	Hotelier	Malaysia	100.0	100.0
Tanobi Sdn. Bhd. [41]	Property Holding	Malaysia	69.4	100.0
Tan & Tan Developments Berhad	Property Development, Provision of Project Management Services and Investment Holding	Malaysia	100.0	100.0
Tan & Tan Realty Sdn. Bhd. [42]	Property Investment and Provision of Related Services and Operating of Food Court	Malaysia	80.0	80.0
T-Bond Construction Sdn. Bhd. [43]	Building Contractor	Malaysia	100.0	100.0
Technoltic Engineering Sdn Bhd	Servicing, Maintenance and installation of Elevators	Malaysia	60.0	60.0
Teamwork M&E Sdn. Bhd. [44]	Provision of Consultation on Mechanical and Electrical Services to Condominiums and Apartments	Malaysia	100.0	100.0
TTD Sdn. Bhd. [45]	Hotelier	Malaysia	100.0	100.0
X-Speed Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
X-Speed Skatepark Sdn. Bhd. [46]	Dormant	Malaysia	74.9	74.9

Notes:

1-5, 7, 9, 11-15, 18, 23, 24, 31-34, 36, 37, 39, 41-45 - 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, 40 - Held by Pacific Land Sdn. Bhd.
16 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.
17, 19, 21 - Held by ICDC Holdings Sdn. Bhd.
20 - Held by IT&T Engineering & Construction Sdn. Bhd.
22 - Held by IGB Project Management Services Sdn. Bhd.
25 - Held by Earning Edge Sdn. Bhd.
26, 27 - Held by KrisAssets Holdings Berhad
28-30, 46 - Held by Mid Valley City Sdn Bhd
35 - Held by Corpool Holdings Sdn. Bhd.
38 - Held by Pangkor Island Resort Sdn. Bhd.

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

* Companies audited by firms other than member firm of PricewaterhouseCoopers International Limited.

42. Associates

	Name of company	Principal activities	Place of incorporation	Group's Interest (%) 2006	Group's Interest (%) 2005
*	Aroma Laundry and Dry Cleaners Sdn. Bhd. [1]	Provision of Laundry and Dry Cleaning Services	Malaysia	20.0	20.0
+	Crystal Centre Properties (International) Ltd. [2]	Investment Holding	Hong Kong	45.0	45.0
*	DMV Sdn Bhd [3]	Property Development	Malaysia	39.0	39.0
	Gleneagles Academy of Nursing (M) Sdn Bhd [4]	Nursing Education	Malaysia	25.0	0.0
	Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. [5]	Investment in and Management of a Private Hospital	Malaysia	30.0	30.0
	Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [6]	Property Development and Investment Holding in Medical Centres	Malaysia	30.0	30.0
*	Grapevine Investments (Hong Kong) Limited [7]	Investment Holding	Hong Kong	50.0	50.0
	Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	50.0	50.0
	Hampshire Park Sdn. Bhd. [8]	Investment and Development of Residential and Commercial Properties	Malaysia	0.0	50.0
*	Hicom Tan & Tan Sdn. Bhd. [9]	Property Development	Malaysia	50.0	50.0
+	Istaron Limited [10]	Investment Holding	Hong Kong	50.0	50.0
	Johan Kekal Sdn. Bhd.	Property Development	Malaysia	50.0	50.0
	Kumpulan Sierramas (M) Sdn. Bhd. [11]	Property Development	Malaysia	50.0	50.0
	Kundang Properties Sdn. Bhd.	Property Development	Malaysia	50.0	50.0
*	Kyami Pty. Ltd. [12]	Investment Holding	Australia	40.0	40.0
*	MIHR Consulting Sdn. Bhd. [13]	Provision of Advertisement, Hospitality Consultancy, Executive Recruitment and Other Hospitality Related Services	Malaysia	0.0	31.5
*	Macroland Holdings Sdn Bhd (under member's voluntary liquidation)	Property Development	Malaysia	00.0	30.0
	Merchant Firm Limited	Investment Holding	British Virgin Island	49.5	49.5
*	Negara Properties (M) Berhad [14]	Property Development and Investment Holding	Malaysia	24.6	24.6
	New Commercial Investments Ltd [15]	Investment Holding	British Virgin Islands	49.6	49.6
	Permata Alasan (M) Sdn Bhd [16]	Property Development and Property Investment	Malaysia	50.0	50.0
	Rapid Alpha Sdn. Bhd. [17]	Construction	Malaysia	50.0	50.0
	Ravencroft Investments Incorporated [18]	Investment Holding	British Virgin Islands	49.5	49.5
+	Saigon Inn Hotel Co. [19]	Hotelier	Vietnam	33.8	33.8
*	Sierramas Landscape Services Sdn Bhd [20]	Landscaping and Horticulture	Malaysia	50.0	50.0
*	St Giles Hotel Ltd. [21]	Hotels and Motels with Restaurants	United Kingdom	49.5	49.5
*	St Giles Hotel (Heathrow) Ltd. [22]	Hotels and Motels with Restaurants	United Kingdom	49.6	49.6
	SuCasa Sdn. Bhd. [23]	Hotelier and Operator of Service Apartments	Malaysia	40.0	40.0

42. Associates (continued)

	Name of company	Principal activities	Place of incorporation	Group's Interest (%) 2006	2005
	Sukatan Garisan Sdn. Bhd. [24]	Dormant	Malaysia	50.0	50.0
*	Tentang Emas Sdn. Bhd. [25]	Investment Holding	Malaysia	49.0	49.0
*	Weian Investments Pte. Ltd. [26]	Property Development and Trading	Singapore	49.0	49.0

Notes:

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

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* Companies audited by firms other than member firm of PricewaterhouseCoopers International Limited.

43. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 April 2007.

Statement By Directors

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

We, Robert Tan Chung Meng and Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman, two of the Directors of IGB Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 40 to 103 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2006 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 April 2007.

Robert Tan Chung Meng
Managing Director

Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman
Director

Statutory Declaration

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

I, Chai Lai Sim, the officer primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 103 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 Petaling Jaya on 25 April 2007.

Before me:

Chong Kim Chan
Commissioner for Oaths

Report of the Auditors

to the members of IGB Corporation Berhad for the financial year ended 31 December 2006

We have audited the financial statements set out on pages 40 to 103. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities so as to give a true and fair view of:

  (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

  (ii) the state of affairs of the Group and the Company as at 31 December 2006 and of the results and cash flows of the Group and the Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in note 41 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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

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

PricewaterhouseCoopers
(No. AF-1146)
Chartered Accountants

Shirley Goh
(No. 1778/08/08(J))
Partner of the firm

Kuala Lumpur
25 April 2007

IGB Corporation Berhad (5745-A)

PROXY FORM

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

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

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

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-Third Annual General Meeting of the Company to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Thursday, 31 May 2007 at 3.00 p.m., and at any adjournment thereof, in the manner indicated below:

No.	Resolutions	For	Against
1.	Receipt of Reports and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Re-election of Tan Lei Cheng		
4.	Re-election of Tan Boon Lee		
5.	Re-election of Tony Tan @ Choon Keat		
6.	Re-election of Tan Kai Seng		
7.	Re-appointment of PricewaterhouseCoopers as auditors		
8.	Approval of Directors' fees		
9.	Re-appointment of Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman		
10.	Authorisation for Directors to issue shares		
11.	Renewal of Share Buy-Back Mandate		
12.	Renewal of RRPT Mandate		
13.	Proposed Amendments of Articles		

Number of shares held

Signed (and sealed) this ______ day of ___________ 2007

____
Signature(s)

Notes:

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A member shall be entitled to appoint more than one proxy to attend and vote at the meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of holdings to be represented by each proxy. In the case of a corporate member, the proxy form must be either under its common seal or under the hand of its attorney. The proxy form must be deposited at the Registered Office at Penthouse, Menara IGB, No.1, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time set for the meeting.

Affix Stamp
Here

The Company Secretary
IGB Corporation Berhad (5745-A)

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