

# IGB ANNUAL REPORT 2002



MiCasa Hotel Apartments

Desa Damansara 2



Sri Bukit Persekutuan



Sierramas West



Mid Valley Megamall



Pan Pacific Resort Pangkor



IGB Corporation Berhad

(5745-A)

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Desa Damansara II



## Notice of Annual General Meeting

# NOTICE OF ANNUAL GENERAL MEETING

Cititel Mid Valley



NOTICE IS HEREBY GIVEN that the Thirty-Ninth Annual General Meeting of IGB Corporation Berhad will be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, on Friday, 30 May 2003 at 3.00 p.m. for the transaction of the following businesses:

1. To receive the Audited Financial Statements for the year ended 31 December 2002 and the Reports of the Directors and Auditors thereon.
2. To sanction the declaration and payment of a first and final dividend of 3% for the year ended 31 December 2002.
3. To re-elect the following Directors retiring pursuant to Article 85 of the Company's Articles of Association:-
  - (i) Tan Sri Abu Talib bin Othman
  - (ii) Dato' Seri Khalid Ahmad bin Sulaiman
4. To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following ordinary resolutions:-

**Resolution 1**

**Resolution 2**

**Resolution 3**

**Resolution 4**

**Resolution 5**

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

'THAT, subject to the Companies Act, 1965 ('Act'), the Articles of Association of the Company and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Act, 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 to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital for the time being of the Company, and that the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.'

**Resolution 6**

**(ii) Proposed Shareholders' Mandate for Recurrent Transactions**

'THAT, pursuant to Chapter 10, Paragraph 10.09 of the Listing Requirements of the Kuala Lumpur Stock Exchange ('Listing Requirements'), the Company and its subsidiaries ('IGB Group') be and are hereby authorized to enter into and give effect to the Recurrent Transactions with specified classes of Related Parties as detailed in Section 2.3 of the Circular to Shareholders dated 30 April 2003, which are necessary for the IGB Group's day to day operations in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company.'

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

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

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

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

## Resolution 7

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

By Order of the Board  
Tina Chan  
Mary Wong  
*Company Secretaries*

Kuala Lumpur  
30 April 2003

Mid Valley Condominium



## Notes:

### 1. Appointment of Proxy

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of a duly authorized officer or attorney. The instrument appointing a proxy must be deposited at the registered office of the Company 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 appointed for holding the meeting or at any adjournment thereof.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Renaissance Hotel, Kuala Lumpur



## 2. Closure of Register

The Register of Transfer will be closed on 1 July 2003 for purpose of preparing warrants for the final dividend which, if approved, will be paid on 15 July 2003 to every member who is entitled to receive the dividend as at 5.00 p.m. on 30 June 2003.

## 3. Re-election of Directors

The details of Directors who are standing for re-election are set out on pages 12 and 14.

## 4. Explanatory Notes on Special Business:

### (a) Authority to Directors to issue shares

The Ordinary Resolution proposed under item 5(i), if approved, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten (10) per cent of the issued capital of the Company for such purposes as they consider would be in the interest of the Company in order to avoid any delay and cost involved in convening a general meeting to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

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

The Ordinary Resolution proposed under item 5(ii), if passed, will allow the IGB Group to enter into Recurrent Transactions pursuant to paragraph 10.09 of the Listing Requirements. Further information on the Proposed Shareholders' Mandate for Recurrent Transactions is set out in the Circular to Shareholders of the Company dated 30 April 2003 which is despatched together with the Company's 2002 Annual Report.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## STATEMENT ACCOMPANYING NOTICE OF THIRTY-NINTH ANNUAL GENERAL MEETING

### 1. The names of individuals who are standing for re-election

The Directors who are offering themselves for re-election at the Thirty-Ninth Annual General Meeting of the Company are as follows:

Tan Sri Abu Talib bin Othman  
Dato' Seri Khalid Ahmad bin Sulaiman

Details of Directors who are standing for re-election are set out in the Profile of the Board of Directors appearing on pages 12 to 14. Information relating to the Directors' securities holdings in the Company and its subsidiaries is presented on page 65.

### 2. Details of attendance of Directors at Board meetings

There were four Board meetings held during the financial year ended 31 December 2002. Details of attendance of the Directors are set out in the Profile of the Board of Directors appearing on page 15.

### 3. Thirty-Ninth Annual General Meeting

Venue : Bintang Ballroom,  
Level 5, Cititel Mid Valley,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur

Date : 30 May 2003

Time : 3.00 p.m.

Mid Valley City







Desa Damansara II



## Corporate Information

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Independent Non-Executive Chairman*

Tan Sri Abu Talib bin Othman

### *Managing Director*

Robert Tan Chung Meng

### *Executive Directors*

Tan Boon Seng

Tan Boon Gark

Lai Meng

### *Senior Independent Non-Executive Director*

Dato' Seri Khalid Ahmad bin Sulaiman

### *Independent Non-Executive Director*

Dr. Abdul Samad bin Haji Alias

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

Osman bin Haji Ismail

### *Alternate Director*

Chua Seng Yong, *alternate to Robert Tan Chung Meng*

## COMPANY SECRETARIES

Tina Chan Lai Yin

Mary Wong

## AUDIT COMMITTEE

### *Chairman*

Dato' Seri Khalid Ahmad bin Sulaiman

### *Members*

Dr. Abdul Samad bin Haji Alias

Lai Meng

## NOMINATION COMMITTEE

### *Chairman*

Tan Sri Abu Talib bin Othman

### *Members*

Dr. Abdul Samad bin Haji Alias

Dato' Seri Khalid Ahmad bin Sulaiman

Osman bin Haji Ismail

## REMUNERATION COMMITTEE

### *Chairman*

Tan Sri Abu Talib bin Othman

### *Members*

Robert Tan Chung Meng

Dr. Abdul Samad bin Haji Alias

Osman bin Haji Ismail

## EXECUTIVE COMMITTEE

### *Chairman*

Tan Boon Seng

### *Members*

Robert Tan Chung Meng

Tan Boon Gark

Lai Meng

Osman bin Haji Ismail

## SHARE & ESOS COMMITTEE

### *Members*

Robert Tan Chung Meng

Tan Boon Seng

Tan Boon Gark

Lai Meng

Dr. Abdul Samad bin Haji Alias

## REGISTERED OFFICE

Penthouse

Menara IGB

No. 1, The Boulevard

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Telephone : 03-22898989 Facsimile : 03-22898802

## REGISTRAR

IGB Corporation Berhad

[Share Registration Department]

23rd Floor

Menara IGB

No. 1, The Boulevard

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Telephone : 03-22898989 Facsimile : 03-22898983

## AUDITORS

PricewaterhouseCoopers

11th Floor

Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

## PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

Citibank Berhad

Malayan Banking Berhad

RHB Sakura Merchant Bankers Berhad

## STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange, Main Board

Sri Bukit Persekutuan



## Profile of the Board of Directors

# PROFILE OF THE BOARD OF DIRECTORS

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

The Board meets quarterly and additional Board meetings are held as and when required. The Board met four times during the year ended 31 December 2002.

Particulars of the Directors are as follows:

## **Tan Sri Abu Talib Bin Othman**

*Independent Non-Executive Chairman*

Malaysian, aged 65, joined the Board of IGB on 18 July 1995. He was appointed Chairman on 30 May 2001. He is also the Chairman of the Nomination Committee and Remuneration Committee of IGB.

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

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

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

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2002.

## **Robert Tan Chung Meng**

*Managing Director*

Malaysian, aged 51, was appointed Joint Managing Director of IGB on 18 December 1995 and subsequently re-designated to Managing Director on 30 May 2001. He is also a member of the Executive Committee, Remuneration Committee and Share & ESOS Committee of IGB.

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

He is a major shareholder of IGB by virtue of his substantial shareholdings in Gold IS Berhad, Tan Kim Yeow Sdn. Bhd. and Wah Seong (Malaya) Trading Co. Sdn. Bhd., all of whom are major shareholders of IGB. He is the brother to Pauline Tan Suat Ming and Tony Tan Choon Keat and nephew to Dato' Tan Chin Nam, all of whom are major shareholders of IGB.

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

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2002.

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

## **Tan Boon Seng**

*Executive Director*

Malaysian, aged 47, joined IGB in 1980 as General Manager. He was appointed to the Board of IGB on 20 December 1990, Managing Director in 1991, re-designated as Joint Managing Director in 1995, and subsequently re-designated as Executive Director on 30 May 2001. He is the Chairman of the Executive Committee and also a member of the Share & ESOS Committee of IGB.

He holds a Master of Arts from Cambridge University.

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

He is the son of Dato' Tan Chin Nam and cousin to Robert Tan Chung Meng, Tan Boon Gark, Pauline Tan Suat Ming and Tony Tan Choon Keat, all of whom are major shareholders and/or directors of IGB.

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

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2002.

## **Tan Boon Gark**

*Executive Director*

Malaysian, aged 53, joined IGB in 1980 as Project Manager. Since then, he has held the position of Area Manager for Kuala Lumpur Office, Director-Properties and Executive Director before he was appointed as the Deputy Managing Director on 9 January 1995. On 30 May 2001, he was re-designated as Executive Director. He is also a member of the Executive Committee and Share & ESOS Committee of IGB.

He obtained his Bachelor of Engineering degree from Monash University, Australia in 1975.

He also sits on the Board of Negara Properties (M) Berhad.

He is the cousin to Robert Tan Chung Meng, Tan Boon Seng, Pauline Tan Suat Ming and Tony Tan Choon Keat, all of whom are major shareholders and/or directors of IGB.

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

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2002.

## **Lai Meng**

*Executive Director*

Malaysian, aged 47, joined IGB in 1992 as Director-Corporate Affairs. He was appointed to the Board on 9 January 1995. He is also a member of the Audit Committee, Executive Committee and Share & ESOS Committee of IGB. He had served as General Manager (Finance and Administration) with Tan & Tan Developments Berhad, Corporate Planner with Kinta Kellas Investments Plc., Corporate Planner with Hong Kong Tin Corporation (Malaysia) Berhad (now known as YTL Corporation Berhad) and Senior Administration Officer in Bank Negara Malaysia.

He holds a Bachelor of Economics and Statistics (1st Class Honours) from University of Malaya.

He also sits on the Board of IJM Corporation Berhad and IpMuda Berhad.

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

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2002.

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

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

*Independent Non-Executive Director*

Malaysian, aged 60, was appointed as a Director of IGB on 12 April 1983 and also served as the Chairman of the Audit Committee until his resignation on 30 May 2001. However, he remains as a member of the Audit Committee, and also serves as a member of the Nomination Committee, Remuneration Committee and Share & ESOS Committee of IGB.

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

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

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2002.

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

*Senior Independent Non-Executive Director*

Malaysian, aged 67, was appointed as a Director of IGB on 18 June 1982. He is the Chairman of the Audit Committee, and also a member of the Nomination Committee of IGB.

He studied at the University of Leicester, England and was called to the Bar at Middle Temple in 1964. He worked as Legal Advisor to the statutory body (MARA) for three (3) years before setting up his own legal practice in Penang in 1969. He was also the Penang State Executive Councilor from 1974 to 1982.

He also sits on the Board of Hong Leong Credit Berhad, HLG Capital Berhad and Sime Malaysia Region Berhad.

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

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2002.

Sierramas West



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

## **Osman bin Haji Ismail**

*Non-Independent Non-Executive Director*

Malaysian, aged 45, was appointed as a Director of IGB on 4 January 2001, and is a representative of Permodalan Nasional Berhad ('PNB'), a major shareholder of IGB. He is also a member of the Executive Committee, Nomination Committee and Remuneration Committee of IGB.

He is the Vice-President, Financial and Management Audit Department of PNB Group of Companies and has been with PNB Group since 1985. He is also a member of the Institute of Internal Auditor Malaysia. He obtained his Diploma in Accountancy from Mara Institute of Technology in 1980, an Advance Diploma in Accountancy from Luton University, England in 1983 and a Certificate in Internal Quality Auditor (Neville Clark) in 1996.

He also sits on the Board of IJM Corporation Berhad, Gold IS Berhad and HeiTech Padu Berhad.

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

Of the four Board meetings of the Company held for the financial year ended 31 December 2002, he attended all except for one which he had extended his apologies.

## **Chua Seng Yong**

*Alternate Director to Managing Director*

Malaysian, aged 41, is the Executive Assistant to the Managing Director of IGB. He joined IGB as Financial Controller in 1994 and has more than 16 years experience in property and hotel industry. He was appointed to the Board of IGB on 30 November 1999 as an alternate to Robert Tan Chung Meng.

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

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

He has attended all the four Board meetings of the Company held for the financial year ended 31 December 2002.

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

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

	<u>Attendance</u>
Tan Sri Abu Talib bin Othman	4
Robert Tan Chung Meng	4
Tan Boon Seng	4
Tan Boon Gark	4
Lai Meng	4
Dr. Abdul Samad bin Haji Alias	4
Dato' Seri Khalid Ahmad bin Sulaiman	4
Osman bin Haji Ismail	3
Chua Seng Yong	4





Seri Maya



## Statement of Directors' Responsibilities

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the audited financial statements

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

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2002, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

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

Kenny Vale



Belimbing Heights



## Report of the Audit Committee

# REPORT OF THE AUDIT COMMITTEE

## Terms of Reference

The terms of reference of the Audit Committee are set out on pages 21 to 23.

## Memberships and Meetings

The Audit Committee comprises two independent non-executive Directors and one executive Director.

The composition of the Audit Committee is as listed below:-

- (a) Dato' Seri Khalid Ahmad bin Sulaiman, *Chairman, Senior Independent Non-Executive Director*
- (b) Dr. Abdul Samad bin Haji Alias, *Independent Non-Executive Director*
- (c) Lai Meng, *Executive Director*

The Audit Committee had four meetings during the year, which were attended by all members. The Heads of the Group's Finance and Internal Audit attended all meetings. The Group's external auditors and other members of senior management attended some of these meetings upon invitation by the Chairman of the Audit Committee.

## Summary of Activities

During the year, the Audit Committee carried out its duties as set out in the terms of reference. Other main issues reviewed and discussed by the Audit Committee were as follows:-

- (a) The risk management policy and framework adopted by the Group to identify and manage key business risks as well as to monitor the readiness and currency of risk mitigating measures;
- (b) The additional disclosure requirements in accordance with the Listing Requirements, MASB and other relevant legal and regulatory requirements; and
- (c) The Group's procedures in respect of recurrent related party transactions ('Recurrent Transactions') to satisfy itself that the procedures were sufficient to ensure that the Recurrent Transactions were not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders.

## Internal Audit Function

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

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

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

# TERMS OF REFERENCE OF THE AUDIT COMMITTEE

## A. Membership

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

## B. Objectives

The primary objectives of the Audit Committee are:

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

## C. Meetings and Minutes

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

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

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

## D. Authority

The Audit Committee have the following authority as empowered by the Board:

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

## E. Responsibilities and duties

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

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

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

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

Sierramas West







Kenny Vale



## Chairman's Statement

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and of the Group for financial year ended 31 December 2002.

For the year under review, the Group achieved significant growth in both revenue and pretax profit. Revenue for the year was RM405.7 million, more than double that recorded in the previous financial year, while pretax profit increased by 84.9% to RM114.5 million from RM61.9 million. Net profit increased by 56.1% to RM78.8 million.

The Board of Directors has recommended a dividend of 1.5 sen per share less tax for the year.

## Operations Review

The year under review remained a challenging one in the face of increased competition, both in the local and regional markets, and a sluggish economic landscape. Against this backdrop, the Group persevered in its single-minded objective of creating and enhancing shareholders wealth.

8 May 2002 marked the final chapter in the Group's RM645 million rationalization exercise with Tan & Tan with the listing on the KLSE of the 166 million new ordinary shares and 178 million new preference shares issued to acquire Tan & Tan's property assets as part of the merger. The much improved performance has laid to rest concerns among some quarters about the possible dilution of the Group's earnings given that there were no plans to develop vacant lands and that the absorption of Tan & Tan's mostly upscale properties and hotel assets may expose IGB to a segment of the market facing a glut.

Following the merger with Tan & Tan, the Group instituted an internal restructuring exercise that saw business reorganized under five areas : property development, Mid Valley City ("MVC"), hotels, construction and asset management.

In fact, the year's positive results can be attributed to revenue consolidation from the Tan & Tan acquisition and better performance from all business segments, particularly the property development and hotels divisions.

Property development's contribution was greater this year in light of a series of very well-received property launches under the enlarged IGB group; namely Sri Bukit Persekutuan, Seri Maya, Sierramas West and Kundang Jaya. The hotels division also showed significant improvement in profitability as a result of more competitive rates, increased occupancy and tighter cost management. With Phase 1 fully operational, MVC continued to record commendable rental returns, complemented by increased patronage and spending from an estimated two million visitors each month to the Mid Valley Megamall. Our asset management activities also recorded respectable results in light of better than average tenancy rates for the four commercial properties under its portfolio. The construction division continued to slowly but steadily expand its order book to register positive growth.

## The Way Forward

The merger with Tan & Tan has enhanced the Group's profile in the property sector. Taking advantage of Tan & Tan's experience and reputation in creating innovative lifestyle properties, the Group is poised to focus on niche high-end condominiums, townhouses and bungalow developments.

For MVC, the challenge will be to maintain its position as one of the leading shopping destinations for residents and visitors to the city by capitalizing on its location, infrastructure and healthy mix of tenants whilst work commences on the development's second phase.

In line with the Group's plan to consolidate and streamline the businesses by disposing of non-core assets, the Group has undertaken to relinquish its 19.6% stake in associate IJM Corporation Berhad to Tronoh Mines (Malaysia) Berhad. The completion of the divestment exercise has been deferred due to circumstances outside the Group's control. However, we are optimistic the sale will be concluded in the new financial year.

Similarly, as the Group undertakes to reposition its involvement in the hospitality industry away from the five-star and luxury class categories to the more affordable four-star sector, we will look to channel our resources behind the MiCasa, SuCasa and Cititel brands. The different concept behind each of the three brands affords the Group the ability to cater to specific niches and in turn, capture a larger slice of the overall mid-range business market, both domestically and regionally.

Although both domestic and global economic outlook remains uncertain, the Board is confident that the Group's strong fundamentals will hold it in good stead to successfully take on the challenges it has set for itself.

# CHAIRMAN'S STATEMENT (CONT'D)

## **Boardroom**

On behalf of the Board, I wish to express our deepest appreciation to executive director Lai Meng, who has decided not to seek re-election. We thank him for his wise counsel and his contribution to the Group's growth during his tenure.

## **Acknowledgement & Appreciation**

I also wish to express our sincere appreciation to the management and staff for their contribution, untiring commitment and dedication, and loyalty, and I look forward to your continued support and contribution to the Group's future growth and prosperity.

To our business partners, customers, tenants, financiers and shareholders, I am grateful for your continued trust and confidence in the Group.

And last but not least, I wish to place on record my thanks to my fellow directors for their advice and support.

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

Chairman

30 April 2003

Kenny Vale





Sri Bukit Persekutuan



## Review of Operations

# REVIEW OF OPERATIONS

Dear Shareholders,

The year under review saw the five core business divisions i.e., property development, Mid Valley City ("MVC"), hotels, asset management and construction, perform commendably.

Property development led the way with total sales in excess of RM400 million. The excellent results can be attributed to the successful maiden launch of Sri Bukit Persekutuan and Seri Maya, and the sales from various other developments. In fact, Sri Bukit Persekutuan, Seri Maya, Sierramas West and Kundang Jaya all achieved between 70% and 90% take-up rates.

We also added 37.7 acres of developable land to the Group's land bank following the conclusion of an agreement with Melawati Development Sdn Bhd.

For MVC, Mid Valley Megamall ("Megamall") continued to be the star performer, building on its reputation as the shopping destination for residents and visitors to Kuala Lumpur with an impressive two million visitors per month. The Megamall enjoyed high occupancy levels for both its retail and promotional spaces. In addition, the retail mix has been upgraded to higher mid-market positioning and a rental increase has facilitated higher gross rentals.

Phase 1 of MVC is now fully operational with a weekday population in excess of 7,000 office and shop workers alone. With convenience for shoppers, visitors and tenants utmost in our minds, efforts to improve the surrounding road infrastructure and upgrading works to the developments under Phase 1 continued unabated. The newest addition is a bridge linkage connecting MVC to the Federal Highway Route 2 that was opened in January 2003.

The merger with Tan & Tan expanded IGB's hotel portfolio by four, to eleven properties with over 4,500 rooms in total. The Group's shareholding in MiCasa Hotel Apartments Yangon was also enlarged from 30% to 60%. The additional properties are MiCasa Hotel Apartments Kuala Lumpur and Phnom Penh, SuCasa Service Apartments Kuala Lumpur and Stanford Hotel Kuala Lumpur. Of the eleven hotels, two are managed properties and five located overseas in Cambodia (Phnom Penh), Myanmar (Yangon), Vietnam (Ho Chi Minh City) and the United Kingdom (London and Heathrow).

Despite the overhang in the commercial property sector and suppressed rental market, all four commercial properties under asset management enjoyed high occupancy in the year under review. Located in Kuala Lumpur, Menara IGB, Menara Tan & Tan, The Ampwalk and Plaza Permata generated a total annual rental income of RM22.8 million.

For construction, wholly-owned subsidiary Ensignia Construction Sdn Bhd ("Ensignia") completed its third year of operation with commendable results.

A summary of the core divisions' performance during the financial year ended December 31, 2002, is as follows:

## PROPERTY DEVELOPMENT

We were bestowed another FIABCI honour in 2002. This time, the recipient was Sierramas, a gated private residential estate in Sungai Buloh, which won the Award of Distinction for Best Residential Development.

The year witnessed several launches under the enlarged group. Of note were Sri Bukit Persekutuan; which saw all 38 townhouses and 6 semi-detached houses taken up, and Seri Maya; which also enjoyed 95% take up for the 600 low and high rise condominium apartments introduced in the first and second phases. Response was also excellent for the Courtyard homes and two-storey detached SierraHomes that went on the market in Sierramas West, and for Yarra apartment block in Belimbing Heights, located in the mixed housing development of Belimbing Hills.

The backbone of the Group's property development division is the provision of after-sales service to customers on completion of their units. Tasked with this responsibility is our wholly-owned subsidiary Kondoservis Sdn Bhd, which currently manages 1,402 apartments from 13 properties under its wing. Providing management services from security and housekeeping to repair and maintenance, Kondoservis is the value added our buyers' receive from their investment.

# REVIEW OF OPERATIONS (CONT'D)

## MID VALLEY CITY

### **Mid Valley City**

The 'city within a city' concept for the Mid Valley City project continues to develop as the existing components mature and new elements come online.

Whilst attention is understandably focused on the Megamall's performance, the other components of Phase 1 are performing beyond expectations.

The Cititel Mid Valley, a 646-room business class hotel achieved an occupancy rate of 84.6% which exceeded the average industry occupancy rates by 32.8%, and this despite a 4.3% increase in average room rates.

Similarly, the 210,000 sq ft Menara IGB and 738,000 sq ft Signature Offices have been well-received by the market and its newest corporate residents include Panasonic Industrial Sdn Bhd, Volvo Car Malaysia Sdn Bhd, Rating Agency Malaysia Bhd and Halim Mazmin Bhd. Occupancy levels at both properties are well above 90%.

In the pipeline is a 350-room four-star hotel for which construction is scheduled to start in the second half of 2003, as well as additional office space and Phase 2 of MVC.

Designed to complement and increase the range of offerings within MVC, the RM600 million Phase 2 development will provide an additional 2.5 million sq ft comprising retail space, offices, hotels and service apartments.

### **Mid Valley Megamall**

Since commencing operations in 1999, the 2.5 million sq ft Megamall has emerged as one of the benchmarks for mid-price shopping centers in the country.

The self-managed Megamall currently hosts more than 24 million visitors and 6 million cars a year.

The first major cycle of three-year tenancy renewals were completed in November 2002. Occupancy continued to be at near-full levels, and rental income has improved. Demand for retail space in the Megamall also remains strong.

An aggressive marketing campaign has seen a significant increase in both advertising and on-site promotional activities. Focused advertising formats and design schemes have reinforced the Megamall's brand identity whilst new category-specific promotions, developed in conjunction with tenants, endeavour to enhance exposure and communicate the depth and variety on offer at the Megamall.

An upgrading and enhancing of infrastructure and facilities is underway to improve customer convenience and comfort.

### **Mid Valley Condominium**

Construction activities continued on the 450 apartments located in parcel four of the development. In light of the positive market feedback, we anticipate brisk sales when the project is launched in mid-2003.

## HOTELS

The 11 properties now under the IGB hotels division are Renaissance Kuala Lumpur Hotel, New World Hotel Saigon, MiCasa Hotel Apartments Kuala Lumpur, MiCasa Hotel Apartments Phnom Penh, MiCasa Hotel Apartments Yangon, SuCasa Service Apartments Kuala Lumpur, Stanford Hotel Kuala Lumpur, Cititel Mid Valley Kuala Lumpur, Pan Pacific Resort Pangkor, St Giles London and St Giles Heathrow.

For the year under review, most of the hotels improved their performance over the preceding year with the majority performing favourably against budget.



# REVIEW OF OPERATIONS (CONT'D)

The Malaysian and Asean hotels focused more on regional and domestic travel instead of traditional long-haul markets such as the US and the UK. Growth markets such as China, India and the Middle East are also beginning to show double digit arrival rates and greater emphasis has been placed on attracting new and repeat visitors from these areas.

For our two UK properties, given the still depressed London hotel market, both hotels turned in commendable results. Overall occupancy increased, albeit at the expense of a decline in average rates. However, the more aggressive and focused marketing strategy adopted by both properties is paying off and the coming year is expected to follow a similar trend, with the objective being to increase awareness and patronage among the respective surrounding communities.

## ASSET MANAGEMENT

Given the conditions in the commercial property market, we are pleased to report that all four properties continue to record commendable occupancy levels.

The 26-storey Menara IGB enjoy 100% occupancy while Menara Tan & Tan, home to many well-known multinationals and eight embassies, has achieved near-full occupancy levels. Steps have been taken to revamp and upgrade Ampwalk, a shopping-cum-office complex on Jalan Ampang's Embassy Row, as well as Plaza Permata which is located close to the Star LRT and coming PRT Monorail in the vicinity of Jalan Ipoh, in an effort to achieve higher occupancy.

## CONSTRUCTION

For the year under review, Ensignia recorded a turnover of RM81.42 million and a profit before tax of RM802,448.

The company completed two projects for Jaya Jusco; its latest RM31.2 million store in Skudai, Johor, and a RM6.4 million contract for renovation of its Arena Food Court and Supermarket at 1 Utama Shopping Centre. There are also several projects on hand totaling approximately RM153.3 million. These include the Desa Damansara Phase 2 Condominium, College of Allied Health Sciences at Sungei Buloh Hospital, Mid Valley Condominium Phase 1 and earthworks for Taman Tanamera in Shah Alam.

## MANPOWER DEVELOPMENT

Following the merger with Tan & Tan, which resulted in an enlarged business entity and bigger staff numbers, Human Resource gave priority to team building programmes to foster greater understanding amongst employees. At the same time, many on-going training sessions aimed at enhancing daily work skills were also carried out.

The challenging global economic outlook has also influenced the local human resource scenario. These uncertainties have lowered the consumer's confidence and spending levels, and IGB was not spared this cautious atmosphere. This has not been helped by the perceived rising cost of doing business in Malaysia and seeming shift of foreign investments to countries such as China, Vietnam and Thailand, where the cost of labour is lower.

The main challenge for Human Resource therefore lies in increasing our employees' productivity level whilst being flexible in facing these challenges. Several reorganisation exercises have been carried out within the Group to enhance efficiency and to reduce work duplication among subsidiaries.

## CORPORATE PLANS AND DIRECTION

With the merger now a closed chapter, the Group has moved to rationalise its activities, strategies and resources into five core business divisions in an endeavour to enhance management efficiency and operations, and to synergise more effectively in the areas of human resource planning, marketing and project management to enable the Group to be more competitive in the open market.

More so than before, property development remains a key contributor to Group earnings. For this reason, the Group has decided to capitalise on the brand franchise built-up by Tan & Tan over the years by assigning the subsidiary to

## REVIEW OF OPERATIONS (CONT'D)

spearhead the property development division. The combination of Tan & Tan's strong record in the middle to high-end residential market and IGB's reputation as a strong corporate player in the real estate and property development sectors will lift IGB's profile and position it as a major player in the property development arena.

The expansion of MVC, with the aim of increasing visitor levels and to add value to the entire development and its attractions, is all but ready to commence, and is in line with our strategy of diversifying the Group's earnings base by venturing into property investments with sustained rental income. Without doubt, the Group remains committed to ensuring that the Megamall remains one of the premier shopping centers in the Klang Valley, and Malaysia.

For hotels, which are self-managed by IGB, the corporate direction for the coming year will be to upgrade the older properties and to improve on service and productivity levels whilst looking to reduce overhead costs. In addition, the Group will be exploring new investment opportunities for its self-managed brands such as Cititel, MiCasa, SuCasa and St Giles, in both Malaysia and regionally.

IGB's externally-managed hotels, that is New World Hotel Kuala Lumpur, Renaissance Kuala Lumpur Hotel and Pan Pacific Pangkor Resort, will also be undergoing some renovations in the coming year to ensure they maintain their competitiveness. The luxury properties will be reviewing their marketing programmes to focus more effort on new emerging markets like China, India and the Middle East to offset an expected dip in arrivals from traditional long haul markets in Europe and the US.

The Group will endeavour to continue efforts to strengthen IGB from within and shape a stronger future with the on-going review of all growth opportunities, to ensure they benefit the Group in terms of return on investment and enhancing the Group's financial position.

Barring any adverse developments in the local, regional and global arenas, the Group's reorganisation has placed it in a more focused position to explore and exploit relevant opportunities to grow the core business activities.

### CONCLUSION

I would like to take this opportunity to thank my fellow Board members, the management and staff for their dedication and continuing good work. Your cooperation and willingness to accept and adapt to the changes brought about by the internal restructuring is most appreciated and demonstrates your commitment to the Group's new direction. You are the key to IGB's success today and will continue to be so as the Group moves forward to take on the new challenges ahead.

**Robert Tan Chung Meng**

Managing Director

30 April 2003



Sierramas West



## Statement on Corporate Governance

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ('Board') is pleased to report on the application by the Company of the principles contained in the Malaysian Code of Corporate Governance ('Code') and the extent of compliance with the best practices of the Code as required under the Listing Requirements of the Kuala Lumpur Stock Exchange ('Listing Requirements'). These principles and best practices have been applied throughout the year ended 31 December 2002 and are regularly audited and reviewed to ensure transparency and accountability. The only area of non-compliance with the Code is the recommended disclosure of details of the remuneration of each director. Details of the Directors' remuneration are set out by applicable bands of RM50,000, which complies with the disclosure requirements under the Listing Requirements. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the band disclosure made.

## THE BOARD

### (a) Board Responsibility

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

### (b) Board Balance

The Board, led by an independent non-executive Chairman, has eight members, comprising four non-executive Directors and four executive Directors, with three of the four non-executive Directors being independent Directors. The Board comprises of an appropriate balance of non-executive and executive Directors with diverse experience and expertise required for the effective stewardship of the Company and independence in decision making at Board level. The profile of each Director is presented on pages 12 to 15.

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

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

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

### (c) Board Meetings

The Board meets on a scheduled basis once every quarter with additional meetings held as and when urgent issues and important decisions are required to be taken between the scheduled meetings. During the year ended 31 December 2002, four Board meetings were held and majority of the Directors attended all the meetings held during the period.

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

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

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

## (d) Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia ('RIIAM'). The Directors will attend the Continuing Education Programme ('CEP') on an annual basis once RIIAM commences the training programme for CEP. Directors are encouraged to attend continuous education programmes and seminars to further enhance their skills and knowledge where relevant.

## (e) Re-election of Directors

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

For the forthcoming AGM, Tan Sri Abu Talib bin Othman, Dato' Seri Khalid Ahmad bin Sulaiman and Mr Lai Meng will retire by rotation. Tan Sri Abu Talib bin Othman and Dato' Seri Khalid Ahmad bin Sulaiman offer themselves for re-election. Mr Lai Meng will not be offering himself for re-election.

## DIRECTORS' REMUNERATION

The Company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group efficiently. The component parts of their remuneration are structured so as to link rewards to corporate and individual performance in the case of executive Directors. In the case of non-executive Directors, the level of remuneration reflects the experience and responsibilities undertaken by the individual non-executive Director concerned.

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

The aggregate remuneration of Directors categorized into appropriate components as at 31 December 2002 are as follows:

In RM	Salaries	Fees*	Other Emoluments**	Benefits in-kind***	Total
Executive Directors	1,235,555	40,000	668,139	58,962	1,938,656
Non-Executive Directors	84,000	73,700	-	4,200	161,900

### Notes:

\* Fees include : annual fees and meeting allowances.

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

\*\*\* Benefits in kind include: rental payments, motor vehicles, club memberships and personal expenses.

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The aggregate remuneration of Directors analyzed into bands as at 31 December 2002 are as follows :

Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	4
RM100,001 to RM150,000	-	1
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	1	-
RM350,001 to RM400,000	1	-
RM450,001 to RM500,000	1	-
RM550,001 to RM600,000	1	-

**Notes:**

- For security and confidentiality reasons, the details of Directors' remuneration are not shown with reference to Directors individually.
- 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.
- Annual fees and meeting allowances of the non-executive Directors also include those who had resigned during the financial period under review.

## THE BOARD COMMITTEES

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

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

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

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

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

Name of member	No. of meetings attended
Tan Boon Seng, <i>Chairman of Exco</i>	9
Robert Tan Chung Meng	9
Tan Boon Gark	9
Lai Meng	9
Osman bin Haji Ismail	8

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

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

Full details of the composition, complete terms of reference and the activities of the AC during the financial year ended 31 December 2002 are set out in the Report of the Audit Committee on pages 20 to 23.

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

The NC recommends suitable candidates for appointments to the Board of the Company, subsidiaries and associates of the Group, including Committees of the Board. In addition, the NC assesses the effectiveness of the Board, the Committees of the Board and the contribution of each individual Director on an annual basis, and reviews succession plans for members of the Board. The NC meets as and when required. The NC has held only one meeting during the period which was attended by all members except Dr. Abdul Samad bin Haji Alias.

The members of the NC during the year were as follows:

Name of member

Tan Sri Abu Talib bin Othman, *Chairman of NC*  
Dato' Seri Khalid Ahmad bin Sulaiman  
Dr. Abdul Samad bin Haji Alias  
Osman bin Haji Ismail

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

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

The RC has held two meetings during the period which were attended by all members. The members of the RC during the year were as follows:

Name of member

Tan Sri Abu Talib bin Othman, *Chairman of RC*  
Robert Tan Chung Meng  
Dr. Abdul Samad bin Haji Alias  
Osman bin Haji Ismail

**(e) Share & ESOS Committee**

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

Name of member

Tan Boon Seng  
Robert Tan Chung Meng (*appointed on 28 November 2002*)  
Tan Boon Gark  
Lai Meng  
Dr. Abdul Samad bin Haji Alias

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

The Board has established a RMC in November 2002. The RMC comprises the members of the Exco with the Managing Director acting as the adviser and the Internal Audit Department as the risk facilitator. The RMC is authorized by the Board to review and articulate the strategies and policies relating to the management of the Company risk and ensure that risk policies and procedures are aligned to the business strategies and risk return directions of the Board and are properly implemented. Quarterly risk management reports will be submitted to Exco for reporting to the Board.

## INVESTORS RELATIONS AND SHAREHOLDERS' COMMUNICATION

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



# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

## ACCOUNTABILITY AND AUDIT

### (a) Financial Reporting

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

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

### (b) Internal Control

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

The Statement of Internal Control set out on pages 42 to 43 provides an overview of the state of internal control within the Group.

### (c) Relationships with the Auditors

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

The role of the Audit Committee in relation to the internal and external auditors is described in the Report of the Audit Committee set out on pages 20 to 23.

This statement is made in accordance with a resolution of the Board of Directors dated 18 April 2003.

Sierramas West



## Statement of Internal Control

# STATEMENT OF INTERNAL CONTROL

## RESPONSIBILITY

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

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

## RISK ASSESSMENT

The Board has taken steps during the year to implement a formal ongoing process for identifying, evaluating, managing and reviewing any changes in the risks faced by the businesses in the Group. A Risk Management Committee was established in November 2002 comprising members of the Executive Committee with the Managing Director as the advisor.

Group Internal Audit, as the risk facilitator, has undertaken an exercise involving all business and functional units of the Group to identify significant risks impacting the achievement of business objectives of the Group. It also involved the assessment of the impact and likelihood of such risks and of the effectiveness of controls in place to manage them.

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

## INTERNAL CONTROL

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

The main elements in the internal control framework include:

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

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

# STATEMENT OF INTERNAL CONTROL (CONT'D)

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 18 April 2003.

MiCasa Hotel Apartments





Seri Maya



## Analysis of Share/Warrant/ICPS Holdings

# ANALYSIS OF SHARE/WARRANT/ICPS HOLDINGS

as at 1 April 2003

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

## Distribution of Shareholdings

No. of holders	Holdings	Total Holdings	%
2,593	Less than 1,000	1,278,929	0.11
20,959	1,000 to 10,000	77,637,799	6.78
4,728	10,001 to 100,000	109,698,706	9.59
313	100,001 to less than 5% of issued shares	524,224,694	45.82
4	5% and above of issued shares	431,307,909	37.70
28,597	Total	1,144,148,037	100.00

## Thirty Largest Shareholders

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

Name	No. of Shares	%
1. Gold IS Berhad	161,353,534	14.10
2. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	121,500,000	10.62
3. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged securities account for Gold IS Berhad	77,454,375	6.77
4. UOBM Nominees (Tempatan) Sdn Bhd - UOB Labuan for Gold IS Berhad	71,000,000	6.21
5. Employees Provident Fund Board	50,894,625	4.45
6. Permodalan Nasional Berhad	42,571,998	3.72
7. IJM Corporation Berhad	37,102,500	3.24
8. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	33,047,500	2.89
9. Multistock Sdn Bhd	27,000,000	2.36
10. UOBM Nominees (Asing) Sdn Bhd - United Overseas Bank Nominees (H.K.) Limited for HK 28 Limited	20,520,455	1.79
11. HSBC Nominees (Asing) Sdn Bhd - HRBS SG for Kenderlay Ltd	20,365,500	1.78
12. Insas Plaza Sdn Bhd	18,894,250	1.65
13. Montego Assets Limited	17,500,000	1.53
14. Wah Seong (Malaya) Trading Co. Sdn Bhd	17,093,433	1.49
15. Tan Chin Nam Sdn Bhd	15,822,469	1.38
16. Tan Kim Yeow Sdn Bhd	14,962,604	1.31
17. Tan Chin Nam Sdn Bhd	11,400,000	1.00
18. M & A Nominee (Asing) Sdn Bhd - Dawnfield Pte Ltd	9,750,000	0.85
19. Mayban Nominees (Asing) Sdn Bhd - DBS Bank for Timbarra Services Limited	7,663,750	0.67
20. Wah Seong Enterprises Sdn Bhd	6,665,642	0.58
21. BBL Nominees (Tempatan) Sdn Bhd - Pledged securities account for Dato' Tan Chin Nam	6,355,813	0.56
22. M & A Nominee (Asing) Sdn Bhd - Pedigree Limited	6,171,500	0.54
23. M & A Nominee (Asing) Sdn Bhd - Montego Assets Limited	6,132,750	0.54

# ANALYSIS OF SHARE/WARRANT/ICPS HOLDINGS (CONT'D)

as at 1 April 2003

## Thirty Largest Shareholders (cont'd)

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

Name	No. of Shares	%
24. M & A Nominee (Asing) Sdn Bhd - M&A Investments Pte Ltd	5,000,000	0.44
25. Tentang Emas Sdn Bhd	4,759,750	0.42
26. Pertubuhan Keselamatan Sosial	4,521,873	0.40
27. Scanstell Sdn Bhd	4,056,000	0.35
28. Ke-zan Nominees (Asing) Sdn Bhd - Kim Eng Ong Asia Securities Pte Ltd for Bioyield Trading Limited	3,910,000	0.34
29. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad	3,528,000	0.31
30. M & A Nominee (Asing) Sdn Bhd - M&A Investments International Ltd	3,500,000	0.31

## Substantial Shareholders (as per the Register of Substantial Shareholders)

Name	Direct	Number of Shares Held		%
		%	Indirect	
1. Gold IS Berhad	309,807,909	27.08	27,000,000	2.36
2. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	121,500,000	10.62	-	-
3. Insas Berhad	-	-	62,759,500	5.49
4. Dato' Tan Chin Nam	8,158,313	0.71	451,721,765	39.48
5. Robert Tan Chung Meng	1,401,893	0.12	433,331,400	37.87
6. Pauline Tan Suat Ming	177,603	0.02	393,230,775	34.37
7. Tony Tan Choon Keat	-	-	393,230,775	34.37
8. Tan Chin Nam Sdn Bhd	31,300,844	2.74	380,320,296	33.24
9. Tan Kim Yeow Sdn Bhd	15,449,604	1.35	377,781,171	33.02
10. Wah Seong (Malaya) Trading Co. Sdn Bhd	23,961,058	2.09	352,303,238	30.79

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

## Distribution of ICPS Holdings

No. of Holders	Holdings	Total Holdings	%
2,296	Less than 1,000	1,145,590	0.64
2,909	1,000 to 10,000	6,539,746	3.67
229	10,001 to 100,000	6,894,039	3.86
77	100,001 to less than 5% of issued ICPS	57,867,784	32.43
7	5% and above of issued ICPS	105,997,677	59.40
5,518	Total	178,444,836	100.00



# ANALYSIS OF SHARE/WARRANT/ICPS HOLDINGS (CONT'D)

as at 1 April 2003

## Thirty Largest ICPS Holders

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

Name	No. of ICPS	%
1. Permodalan Nasional Berhad	20,964,500	11.75
2. UOBM Nominees (Asing) Sdn Bhd - <i>United Overseas Bank Nominees (H.K.) Limited for HK 28 Limited</i>	20,520,455	11.50
3. Gold IS Berhad	18,128,421	10.16
4. Wah Seong (Malaya) Trading Co. Sdn Bhd	12,893,228	7.23
5. Tan Kim Yeow Sdn Bhd	12,207,104	6.84
6. Tan Chin Nam Sdn Bhd	11,400,000	6.39
7. Tan Chin Nam Sdn Bhd	9,883,969	5.54
8. HSBC Nominees (Asing) Sdn Bhd - <i>HRBS SG for Kenderlay Ltd</i>	6,262,000	3.51
9. SLW Sdn Bhd	5,104,000	2.86
10. Mayban Nominees (Asing) Sdn Bhd - <i>DBS Bank for Timbarra Services Limited</i>	3,008,500	1.69
11. Wah Seong Enterprises Sdn Bhd	2,823,535	1.58
12. AMMB Nominees (Tempatan) Sdn Bhd - <i>Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd</i>	2,750,000	1.54
13. BBL Nominees (Tempatan) Sdn Bhd - <i>Pledged securities account for Dato' Tan Chin Nam</i>	2,735,188	1.53
14. Mayban Nominees (Tempatan) Sdn Bhd - <i>Pledged securities account for Tan Chin Nam Sdn Bhd</i>	2,500,000	1.40
15. Employees Provident Fund Board	2,355,500	1.32
16. Malaysian National Reinsurance Berhad	1,632,000	0.91
17. Dato' Tan Chin Nam	1,231,500	0.69
18. Tentang Emas Sdn Bhd	1,223,500	0.69
19. Scanstell Sdn Bhd	1,164,000	0.65
20. BBL Nominees (Tempatan) Sdn Bhd - <i>Pledged securities account for Tan Chin Nam Sdn Bhd</i>	1,150,000	0.64
21. Ke-zan Nominees (Asing) Sdn Bhd - <i>Kim Eng Ong Asia Securities Pte Ltd for S P I Pte Ltd</i>	1,000,500	0.56
22. BBL Nominees (Tempatan) Sdn Bhd - <i>Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd</i>	1,000,000	0.56
23. Dasar Mutiara (M) Sdn Bhd	965,793	0.54
24. Wah Seong Enterprises Sdn Bhd	951,500	0.53
25. Mayban Nominees (Tempatan) Sdn Bhd - <i>Pledged securities account for Wah Seong (Malaya) Trading Co. Sdn Bhd</i>	900,000	0.50
26. Tan Boon Lee	774,328	0.43
27. Teo Siew Lai	773,000	0.43
28. HSBC Nominees (Asing) Sdn Bhd - <i>Meespierson SG for ACECOM Solutions Corporation</i>	762,500	0.43
29. Tan Lei Cheng	752,953	0.42
30. Teo Kwee Hock	724,000	0.41

# ANALYSIS OF SHARE/WARRANT/ICPS HOLDINGS (CONT'D)

as at 1 April 2003

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

## Distribution of Warrant Holdings

No. of holders	Holdings	Total Holdings	%
652	Less than 1,000	349,992	0.20
6,976	1,000 to 10,000	23,545,782	13.24
1,497	10,001 to 100,000	39,888,558	22.43
99	100,001 to less than 5% of issued warrants	58,534,889	32.91
2	5% and above of issued warrants	55,518,000	31.22
9,226	Total	177,837,221	100.00

## Thirty Largest Warrant Holders

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

Name	No. of Warrants	%
1. Gold IS Berhad	35,058,000	19.71
2. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged securities account for Gold IS Berhad	20,460,000	11.50
3. Multistock Sdn Bhd	7,897,500	4.44
4. IJM Corporation Berhad	7,420,500	4.17
5. Wah Seong (Malaya) Trading Co. Sdn Bhd	3,612,205	2.03
6. HSBC Nominees (Asing) Sdn Bhd - HRBS SG for Kenderlay Ltd	3,543,000	1.99
7. Tan Chin Nam Sdn Bhd	3,351,000	1.88
8. Mayban Nominees (Asing) Sdn Bhd - DBS Bank for Timbarra Services Limited	3,097,750	1.74
9. Dato' Tan Chin Nam	1,924,125	1.08
10. Tan Kim Yeow Sdn Bhd	1,169,000	0.99
11. TCL Nominees (Asing) Sdn Bhd - OCBC Securities (Hong Kong) Ltd for Rize Consultants Ltd	1,600,000	0.90
12. Employees Provident Fund Board	1,371,625	0.77
13. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged securities account for Susy Ding	1,326,000	0.75
14. Chan Boon Hwee	1,281,000	0.72
15. SLW Sdn Bhd	1,180,936	0.66
16. Mayban Nominees (Tempatan) Sdn Bhd - Pledged securities account for Yeap Gek @ Yeap Poh Chim	817,000	0.46
17. Wah Seong Enterprises Sdn Bhd	512,281	0.43
18. Tentang Emas Sdn Bhd	707,250	0.40
19. Scanstell Sdn Bhd	579,000	0.33
20. Pertubuhan Keselamatan Sosial	544,374	0.31
21. Chen Chong Peng	472,000	0.27
22. Eng Nominees (Asing) Sdn Bhd - OCBC Securities Private Limited for Hexacon Construction Pte Ltd	467,625	0.26
23. Malaysia Nominees (Tempatan) Sendirian Berhad - Malaysian Trustees Berhad for Alliance Vision Fund	450,000	0.25
24. Hong Leong Finance Berhad - Pledged securities account for Soin Chee Hong	450,000	0.25

# ANALYSIS OF SHARE/WARRANT/ICPS HOLDINGS (CONT'D)

as at 1 April 2003

## Thirty Largest Warrant Holders (cont'd)

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

	Name	No. of Warrants	%
25.	Mayban Nominees (Tempatan) Sdn Bhd - <i>Pledged securities account for Sow Cheng Kow</i>	438,000	0.25
26.	Tang Kee Hiong	400,000	0.22
27.	Lim Chooi Ing	327,000	0.18
28.	See Yuen Hing	307,500	0.17
29.	Richard Teh Lip Heong	306,750	0.17
30.	TKY Investment Pte Ltd	303,375	0.17

Sierramas West



## List of Properties

# LIST OF PROPERTIES

as at 31 December 2002

Location	Tenure	Year Lease Expiring	Age of Building (Years)	Titled Hectareage	Description/ Existing use	Date of Acquisition/ Revaluation	Net Book Value RM'000	
Commercial Properties								
No. 6 Jalan Kampar 50400 Kuala Lumpur	Freehold	-	19	1.99	25-storey office building known as Plaza Permata	1984	37,576	
P.T. 1 Sec 44 Kuala Lumpur	Leasehold	2073	-	0.30	Land for future development	7-3-2000	7,632	
Mid Valley City Lingkarang Syed Putra Kuala Lumpur	-	-	3	-	629-room Business Class Hotel known as Cititel Mid Valley	3-3-2000	56,421	
Mid Valley City Lingkarang Syed Putra Kuala Lumpur	-	-	3	1.97	17-levels office building known as Menara IGB	17-12-1999	44,585	
Lot Nos. 3577 to 3580, 3588, 3590, 3592, 3593, 3599 to 3604, 3726, 3727, 3740, 3594, 3741, 3744 to 3748, 3760, 3761, 3939, 3731, 3566, 354 & 355 Mukim Lumut, Pangkor Island	Freehold	-	17	45.14	250-room hotel known as Pan Pacific Resort Pangkor	1-11-2001	91,426	
Lot Nos. 34, 19, 21, 23 & 25, 3978, 24, 25, 26, 2377, 37 & 38 Kuala Lumpur	Freehold	-	-	3.19	Part of land currently under development for Mid Valley City			
Lot Nos. 40 & 302 Kuala Lumpur	Leasehold	2085	-	15.53	Part of land currently under development for Mid Valley City			
Lot No. 200 Kuala Lumpur	Leasehold	2024	-	0.30	Part of land currently under development for Mid Valley City			
Lot Nos. PT10, PT9, PT20, PT 46, PT45, PT43, PT44 Kuala Lumpur	Leasehold	2099	-	0.85	Part of land currently under development for Mid Valley City			
A. The above 19.87 hectares of land in Mid Valley City is being developed into the following :								
				Gross built-up Area (sf)				
i) Development rights for 5 office towers with built up area of (1.11m sf)				1,106,498				
ii) Parcel 2 vacant commercial land for future development (5.05m sf)				5,052,501				
iii) Parcel 3 vacant commercial land for future development (1.68m sf)				1,685,714				
iv) Parcel 4 vacant land for residential development (1.37 sf)				1,374,993	288,926,646			
B. Mid Valley Megamall				5,422,606	608,970,203			
C. Unsold Signature Office				2,024	343,425			
							898,239,274	

# LIST OF PROPERTIES (CONT'D)

as at 31 December 2002

Location	Lease Tenure	Year Building Expiring	Age of Titled (Years)	Description/ Hectareage	Date of Acquisition/ Existing use	Net Book Value Revaluation	RM'000
<b>Commercial Properties</b>							
Micasa Hotel Apartments 386 Jalan Tun Razak Kuala Lumpur	Freehold	-	13	1.39	245-room hotel apartments	31-1-2002	100,000
Menara Tan & Tan 207 Jalan Tun Razak Kuala Lumpur	Freehold	-	9	0.45	Office building of 350,000 sq ft lettable area	31-1-2002	97,496
Stanford Hotel Jalan Tuanku Abdul Rahman Kuala Lumpur	Freehold	-	9	0.11	145-room 3-star hotel with 4-level shopping podium of 41,338 sq ft lettable area	31-1-2002	33,000
MiCasa Hotel Apartment 17 Kaba Aye Pagoda Road Yangon	30 years leasehold	2026	3	0.78	143-units 6-storey hotel apartment, with hotel facilities and offices	31-1-2002	38,087
<b>Residential Properties</b>							
PN 1765 Lot 123 Sec 44 Kuala Lumpur	Leasehold	2074	-	0.40	Land for future development	29-4-1991	18,710
CT 10823 Lot 15 Sec 88A Kuala Lumpur	Freehold	-	-	0.19	Land for future development	31-10-1994	3,817
CT 10824 Lot 16 Sec 88A Kuala Lumpur	Freehold	-	-	0.19	Land for future development	16-1-1989	2,573
HS(D) 98836 Lot 4815 Mukim & District of Kuala Lumpur (formerly known as Lot 45845)	Freehold	-	-	1.42	Land currently under development into 132 units of luxury condominiums	14-12-1989	30,816
CT 16118 Lot No. 40 Sec 88A Kuala Lumpur	Freehold	-	-	0.15	Land for future development	18-5-1989	879
PT 290 Mukim Morib, Selangor	Leasehold	2094	-	8.09	Land for future development	21-10-1993	1,471
Lot Nos. 1529, 1743 & 3484 Mukim Rawang, Selangor	Freehold	-	-	25.54	Land for future development	1-11-1991	1,491
6 Jalan Stonor Kuala Lumpur	Freehold	-	43	0.58	Bungalow	31-1-2002	9,139
3 Lorong Stonor Kuala Lumpur	Freehold	-	33	0.32	Bungalow	31-1-2002	4,055

# LIST OF PROPERTIES (CONT'D)

as at 31 December 2002

Location	Tenure	Year Lease Expiring	Age of Building (Years)	Titled Hectareage	Description/ Existing use	Date of Acquisition/ Revaluation	Net Book Value RM'000
<b>Residential Properties</b>							
15 & 17 Jalan Damai Kuala Lumpur	Freehold	-	-	1.28	Land for future development	31-1-2002	2,396
31 & 33 Jalan Damai Kuala Lumpur	Freehold	-	33	0.22	Bungalows	31-1-2002	4,373
1 Lorong Damai Kiri 13 Kuala Lumpur	Freehold	-	33	0.21	Bungalow	31-1-2002	1,485
Lots 760, 4006 & 4104 Mukim of Kuala Lumpur Wilayah Persekutuan (KennyVale)	Freehold	-	-	1.80	Land for future development	31-1-2002	19,996
Lots 7190 & 7191 Mukim of Petaling Selangor (Bukit Belimbing)	Freehold	-	-	6.78	Residential development	31-1-2002	16,843
PT 2866 Mukim of Damansara Selangor (Shah Alam)	Freehold	-	-	7.58	Land for future development	31-1-2002	6,266
20, 20A, 20B & 20C Jalan Ampang Hilir Kuala Lumpur	Freehold	-	18	0.41	Linked houses	31-1-2002	9,232
85 Jalan Ampang Hilir Kuala Lumpur	Freehold	-	23	0.22	Bungalow	31-1-2002	4,330
Lots 1054, 689 and part of lots 429 and 1059 and 4068, Mukim Hulu Klang, Daerah Gombak, Selangor	Freehold	-	-	6.56	Residential development	31-1-2002	52,915
PT 61 Mukim of Tanah Rata Cameron Highlands	Leasehold	2074	-	0.81	Land for future development	31-1-2002	505
PT 899K Mukim of Chendering District of Kuala Terengganu	Freehold	-	-	4.23	Beach frontage land for future development	31-1-2002	4,212
Lot 704 Mukim Si Rusa District of Port Dickson	Freehold	-	-	1.62	Beach frontage land for future development	31-1-2002	1,013
Lot 1025 Mukim Si Rusa District of Port Dickson	Freehold	-	-	1.03	Beach frontage land for future development	31-1-2002	915
Lots 378 & 1611 Mukim Ulu Klang District of Gombak	Freehold	-	-	10.46	Land for development	31-1-2002	38,660

# LIST OF PROPERTIES (CONT'D)

as at 31 December 2002

Location	Tenure	Year Lease Expiring	Age of Building (Years)	Titled Hectareage	Date of Description/ Existing use	Net Book Acquisition/ Revaluation	Value RM'000
<b>Residential Properties</b>							
PT 1865 Mukim Ampang Daerah Wilayah Persekutuan	Leasehold	2085	-	1.49	Land for development	31-1-2002	39,050
Lot 15256 Mukim of Labu District of Seremban Negeri Sembilan (Joint Venture with Koperasi Peneroka - Peneroka Rancangan Felcra Sendayan Labu Berhad)	Freehold	-	-	344.0	Approved mixed development for residential and commercial use	31-1-2002	131,385
<b>Apartments</b>							
Desa Kudalari 3 Lorong Kuda Kuala Lumpur	Freehold	-	22	-	6 condominium units	31-1-2002	1,211
Seri Bulan Port Dickson	Freehold	-	7	-	2 apartment units	31-1-2002	303
Desa U-Thant 14 Jalan Taman U-Thant Kuala Lumpur	Freehold	-	13	-	16 condominium units	31-1-2002	12,915
A208 First Floor Tanjung Biru Condominium Port Dickson, Port Dickson	Freehold	-	21	0.01	1 apartment unit	31-1-2002	375
<b>Agricultural Properties</b>							
Bentong Hills Mukim of Tras District of Raub, Pahang	Freehold	-	-	266.43	Approved mixed development for orchard and commercial use	31-1-2002	4,578
Lot 365 Mukim of Pasir Panjang District of Port Dickson	Freehold	-	-	3.58	Land for future development	31-1-2002	920
Lots L.O. 1218-60, 153, 154, 1217-60, 156-160 Mukim of Tras District of Raub, Pahang	Freehold	-	-	32.78	Land for future development	31-1-2002	1,252





Sierramas West



## Five-Year Group Financial Highlights

# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

		1998	1999	2000	2001	2002
TURNOVER	RM '000	77,217	131,068	312,505	199,880	405,689
PROFIT BEFORE TAXATION	RM '000	16,510	32,309	45,951	61,926	114,493
EARNINGS FOR THE YEAR	RM '000	5,890	25,919	21,562	50,474	78,810
ISSUED SHARE CAPITAL (RM0.50)	RM '000	237,117	296,397	296,977	296,995	572,074
SHAREHOLDERS' FUNDS * <sup>1</sup>	RM '000	1,082,848	1,229,281	1,245,624	1,280,176	1,940,178
TOTAL ASSETS	RM '000	1,965,540	2,244,467	2,072,933	2,101,911	3,246,181
EARNINGS PER ORDINARY SHARE * <sup>2</sup>	sen	0.7	2.9	2.2	5.2	7.2
NET TANGIBLE ASSET PER ORDINARY SHARE	RM	2.3	2.1	2.1	2.1	1.7
GROSS DIVIDENDS PER ORDINARY SHARE	sen	1.0	1.0	2.5	2.5	1.5
DIVIDEND RATE	%	2.0	2.0	5.0	5.0	3.0

\*<sup>1</sup> Comparative shareholders' funds have been restated to comply with the requirements of MASB 19 as disclosed in note 33 to the financial statements.

\*<sup>2</sup> Based on weighted average number of shares in issue during the year. Comparative figures have been restated to take into account the effect of bonus issue as disclosed in note 11 to the financial statements.

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for the financial year ended 31 December 2002



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Sri Bukit Persekutuan



Financial Statements

# DIRECTORS' REPORT

for the financial year ended 31 December 2002

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 2002.

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

The number of employees at the end of the financial year amounted to 977 (2001: 713) employees in the Group and 127 (2001: 58) employees in the Company.

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

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

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

## Financial results

	Group RM '000	Company RM '000
Profit/(loss) after taxation	82,249	(10,776)
Minority interests	(3,439)	0
Net profit/(loss) for the financial year	<u>78,810</u>	<u>(10,776)</u>

## 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 2001, as shown in the Directors' report of that financial year, an interim dividend of 3% less tax at 28% paid on 7 January 2002.	<u>6,415</u>
(b) In respect of the financial year ended 31 December 2001, as shown in the Directors' report of that financial year, a final dividend of 2% less tax at 28% paid on 18 July 2002.	<u>4,276</u>
(c) In respect of the financial year ended 31 December 2002, a proposed first and final dividend of 3% less tax at 28% which, subject to the approval of members at the forthcoming Annual General Meeting of the Company on 30 May 2003, will be paid on 15 July 2003 to shareholders registered on the Company's Register of Members at the close of business on 30 June 2003.	<u>12,357</u>

# DIRECTORS' REPORT (CONT'D)

for the financial year ended 31 December 2002

## 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 RM296,994,755.50 to RM572,074,018.50 by way of:

- (i) an issue of 166,548,514 new IGB shares at an issue price of RM2.50 per share as part purchase consideration for the acquisition of the entire equity interest in Tan & Tan Developments Berhad ('Tan & Tan');
- (ii) a bonus issue of 380,269,012 new IGB Shares credited as fully paid-up on the basis of one (1) new IGB Share for every two (2) IGB Shares held;
- (iii) an issue of 3,341,000 new IGB Shares for cash on the exercise of options pursuant to the Employees' share option scheme at an issue price of RM0.82 each.

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

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

During the financial year, the Company also issued 178,444,836 ICPS 2002/2007 at par as part purchase consideration for the acquisition of the entire equity interest in Tan & Tan. The salient terms of the ICPS 2002/2007 are disclosed in note 11 to the financial statements.

### (c) Warrants 1999/2004

Pursuant to the bonus issue of new IGB shares as mentioned in note 11(a)(ii) to the financial statements, on 18 April 2002, the exercise price and the number of warrants were adjusted from RM1.50 to RM1.00 and from 118,558,214 to 177,837,221 respectively.

### (d) Employees' share option scheme ('ESOS')

The ESOS has expired on 4 November 2002. The unexercised options granted to subscribe for ordinary shares of RM0.50 each as detailed below has lapsed.

Exercise price	Number of options granted and unexercised
RM0.82	1,381,000
RM1.24	197,000
RM1.35	48,000
RM1.51	93,000
RM1.67	360,000
RM1.71	72,000
	<u>2,151,000</u>

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



# DIRECTORS' REPORT (CONT'D)

for the financial year ended 31 December 2002

## Issue of Shares (continued)

### (d) Employees' share option scheme ('ESOS') (continued)

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

	Number of Options
At 1 January 2002	3,671,000
Adjustments due to Bonus Issue	1,821,000
Exercised	(3,341,000)
Expired on 4 November 2002	<u>2,151,000</u>

The Company has been granted exemption by the Companies Commission of Malaysia vide their letter dated 7 February 2003 from having to disclose the list of option holders and their holdings.

A new Employees' Share Option Scheme will be implemented as disclosed in the significant events note included in this report.

## 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 Gark

Lai Meng

Dato' Seri Khalid Ahmad Bin Sulaiman

Dr. Abdul Samad Bin Haji Alias

Osman Bin Haji Ismail

Chua Seng Yong (alternate to Robert Tan Chung Meng)

Jeffrey Heng Wah Yong

(resigned on 29 May 2002)

Mr Lai Meng, the Director retiring pursuant to Article 85 of the Company's Articles of Association, has expressed his wish not to stand for re-election at the forthcoming Annual General Meeting.

In accordance with Article 85 of the Company's Articles of Association, Tan Sri Abu Talib Bin Othman and Dato' Seri Khalid Ahmad Bin Sulaiman retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

# DIRECTORS' REPORT (CONT')

for the financial year ended 31 December 2002

## Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares, warrants, ICPS 2002/2007 and share options in the Company 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	0	250,000	0	250,000
Robert Tan Chung Meng				
Direct	186,000	1,215,893	0	1,401,893
Indirect	203,946,771	376,108,309	146,880,680	433,174,400
Tan Boon Seng				
Direct	9,375	352,110	9,375	352,110
Tan Boon Gark				
Direct	221,000	110,500	0	331,500
Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	0	320,181	0	320,181
Indirect	125,250	62,625	0	187,875
Lai Meng				
Direct	0	105,000	0	105,000
Chua Seng Yong				
Direct	0	232	0	232

### In the Company

	Number of Warrants			
	1 January	Addition *	Disposal/ Exercised *	31 December
Robert Tan Chung Meng				
Direct	156,000	78,000	0	234,000
Indirect	52,654,523	62,879,259	37,014,545	78,519,237
Tan Boon Seng				
Direct	1,875	0	1,875	0
Tan Boon Gark				
Direct	20,000	10,000	0	30,000

### In the Company

	Number of ICPS 2002/2007			
	1 January	Addition *	Disposal *	31 December
Tan Sri Abu Talib Bin Othman				
Direct	0	250,000	0	250,000
Robert Tan Chung Meng				
Direct	0	372,893	0	372,893
Indirect	0	55,197,288	0	55,197,288
Tan Boon Seng				
Direct	0	352,110	0	352,110
Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	0	320,181	0	320,181
Chua Seng Yong				
Direct	0	232	0	232

\* Arising from acquisition of Tan & Tan

# DIRECTORS' REPORT (CONT')

for the financial year ended 31 December 2002

## Directors' interests (continued)

In the Company	Number of options (ESOS) over ordinary shares of RM0.50 each			
	1 January	Adjustment	Exercised	Expired on 4 November
Robert Tan Chung Meng	500,000	250,000	750,000	0
Lai Meng	70,000	35,000	105,000	0
Chua Seng Yong	85,000	42,500	0	127,500

By virtue of Robert Tan Chung Meng's interest in shares in the Company, he is deemed to have interest in the shares in the subsidiaries to the extent the Company has an interest.

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

## Directors' benefit

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

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

## Statutory information on the financial statements

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

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

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

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

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

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

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

for the financial year ended 31 December 2002

## Statutory information on the financial statements (continued)

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

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

In the opinion of the Directors:

- (a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the income statements and note 32 to the financial statements on the effect of acquisition of Tan & Tan Group; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

## Significant events

### (a) Completion of acquisition of Tan & Tan Developments Berhad ('Tan & Tan')

On 31 January 2002, the acquisition of Tan & Tan was completed. The effects of the acquisition are disclosed in note 32 to the financial statements. All new securities issued arising from the acquisition comprising 166,548,514 new ordinary shares of RM0.50 each and 178,444,836 ICPS 2002/2007 were listed and quoted on the Kuala Lumpur Stock Exchange on 18 May 2002.

### (b) Proposed disposal of shares and warrants in an associate, IJM Corporation Berhad

On 28 June 2002, Commerce International Merchant Bankers Berhad ('CIMB') announced on behalf of the Board that the Company proposes to dispose 70,982,534 ordinary shares of RM1.00 each in IJM Corporation Berhad ('IJM'), representing approximately 19.58% equity interest in IJM as at 18 June 2002 and 15,891,828 IJM Warrants representing approximately 19.90% of the existing unexercised IJM Warrants as at 18 June 2002, for a total cash consideration of RM382,511,526.18 to Tronoh Mines Malaysia Berhad ('TMMB').

On 22 November 2002, TMMB announced that it had obtained approval from the Foreign Investment Committee.

On 10 March 2003, TMMB announced that it had obtained approval from the Securities Commission.

An Extraordinary General Meeting of the Company will be convened on 8 May 2003 to seek shareholders approval for the proposed disposal.

### (c) Proposed new Employees' Share Option Scheme

On 28 November 2002, CIMB announced on behalf of the Board that the Company proposes to implement a new Employees' Share Option Scheme ('ESOS') for employees and executive directors of the Company and/or its subsidiaries ('Proposed New ESOS').

On 19 February 2003, approval was obtained from the Securities Commission.

On 10 March 2003, approval was obtained from the Kuala Lumpur Stock Exchange ('KLSE') for the listing and quotation for such number of new IGB Shares arising from any exercise of the options to be granted under the Proposed New ESOS on the Main Board of the KLSE.

An Extraordinary General Meeting of the Company will be convened on 8 May 2003 to seek shareholders approval for the Proposed New ESOS.

# DIRECTORS' REPORT (CONT')

for the financial year ended 31 December 2002

## **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 18 April 2003.

**Robert Tan Chung Meng**  
Managing Director

**Dato' Seri Khalid Ahmad Bin Sulaiman**  
Director  
Kuala Lumpur

# INCOME STATEMENTS

for the financial year ended 31 December 2002

		Group		Company	
	Note	2002	2001	2002	2001
		RM'000	RM'000	RM'000	RM'000
Revenue	4	405,689	199,880	11,239	17,754
Cost of sales		(264,074)	(129,261)	(644)	(690)
Gross profit		141,615	70,619	10,595	17,064
Other operating income		27,601	29,203	71,561	27,420
Administrative expenses		(61,591)	(37,152)	(13,994)	(3,456)
Other operating expenses		(7,623)	(39,969)	(51,446)	(16,482)
Profit from operations	5	100,002	22,701	16,716	24,546
Finance costs	7	(66,218)	(46,289)	(15,005)	(14,130)
Share of results of associates		68,448	44,469	0	0
Gain from disposal of associates		12,261	41,045	0	67,678
Profit from ordinary activities before tax		114,493	61,926	1,711	78,094
Tax:	8				
- Company and subsidiaries		(11,919)	(3,091)	(12,487)	(6,038)
- Associates		(20,325)	(9,388)	0	0
		(32,244)	(12,479)	(12,487)	(6,038)
Profit/(loss) from ordinary activities after tax		82,249	49,447	(10,776)	72,056
Minority interests		(3,439)	1,027	0	0
Net profit/(loss) for the financial year		78,810	50,474	(10,776)	72,056
Earnings per ordinary share (sen)	9				
- Basic		7.21	5.18		
- Diluted		6.40	Anti-dilutive		
Dividends per ordinary share (sen)	10	1.50	2.50	1.50	2.50

The effects of the acquisition of Tan & Tan during the financial year are disclosed in note 32 to the financial statements.

# BALANCE SHEETS

as at 31 December 2002

	Note	Group		Company	
		2002	2001	2002	2001
		RM'000	RM'000	RM'000	RM'000
<b>Capital and reserves</b>					
Share capital	11	572,074	296,995	572,074	296,995
1% Irredeemable					
Convertible Preference shares	11	178,445	0	178,445	0
Share premium		393,846	252,622	393,846	252,622
Revaluation and other					
reserves	12	55,182	64,462	29,258	29,258
Retained earnings	13	740,631	666,097	491,392	506,444
<b>Shareholders' equity</b>		<b>1,940,178</b>	<b>1,280,176</b>	<b>1,665,015</b>	<b>1,085,319</b>
Minority interests		77,955	20,143	0	0
<b>Non current liabilities</b>					
Term loans	14	349,925	168,811	49,711	110,061
Murabahah Underwritten					
Notes and Syndicated					
Fixed Rate Loan	14	245,000	285,000	0	0
Deferred taxation	15	60,563	1,617	1,600	1,600
		655,488	455,428	51,311	111,661
		<b>2,673,621</b>	<b>1,755,747</b>	<b>1,716,326</b>	<b>1,196,980</b>
Represented by:					
<b>Non current assets</b>					
Property, plant and					
equipment	16	1,302,228	867,556	3,359	1,855
Real property assets		160,224	47,397	38,335	38,086
Subsidiaries	17	0	0	936,723	291,907
Associates	18	833,125	541,811	248,986	247,846
Other investments	19	51,226	44,742	2,900	2,900
		<b>2,346,803</b>	<b>1,501,506</b>	<b>1,230,303</b>	<b>582,594</b>
<b>Current assets</b>					
Development properties					
and expenditure	20	443,950	158,492	0	0
Inventories	21	58,382	50,938	37,348	37,348
Marketable securities	22	12,715	14,630	9,461	11,376
Trade and other receivables	23	139,026	94,320	20,416	20,920
Amount owing by subsidiaries	24	0	0	733,941	730,012
Amount owing by associates	25	142,766	143,761	73,569	82,098
Deposits with licensed banks	26	75,134	127,832	34,018	113,150
Cash and bank balances	26	26,956	10,432	7,170	1,455
		<b>898,929</b>	<b>600,405</b>	<b>915,923</b>	<b>996,359</b>

# BALANCE SHEETS (CONT'D)

as at 31 December 2002

	Group		Company	
Note	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
<b>Less: Current liabilities</b>				
Trade and other payables	27 272,457	193,454	29,687	67,060
Amount owing to subsidiaries	24 0	0	267,755	227,657
Amount owing to associates	25 37,787	42,898	9,269	17,443
Bank borrowings	14 230,896	101,563	114,459	69,813
Tax	30,971	8,249	8,730	0
	<u>572,111</u>	<u>346,164</u>	<u>429,900</u>	<u>381,973</u>
<b>Net current assets</b>	<u>326,818</u>	<u>254,241</u>	<u>486,023</u>	<u>614,386</u>
	<u>2,673,621</u>	<u>1,755,747</u>	<u>1,716,326</u>	<u>1,196,980</u>



for the financial year ended 31 December 2002

Group	Note	Issued and fully paid ordinary shares of RM0.50 each		1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable			Distributable		
		Number of shares '000	Nominal value 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		
<b>At 1 January 2002</b>											
As previously reported	33	593,989	296,995	0	0	252,622	64,462	661,821	1,275,900		
Prior year adjustment		0	0	0	0	0	0	4,276	4,276		
<b>As restated</b>		593,989	296,995	0	0	252,622	64,462	666,097	1,280,176		
Net profit		0	0	0	0	0	0	78,810	78,810		
Issue of shares:											
- Acquisition of Tan & Tan		166,549	83,274	0	0	333,097	0	0	416,371		
- Bonus issue		380,269	190,134	0	0	(190,134)	0	0	0		
- Employees' Share Options		3,341	1,671	0	0	1,069	0	0	2,740		
Share issue cost		0	0	0	0	(2,808)	0	0	(2,808)		
Issue of 1% Irredeemable											
Convertible Preference Shares		0	0	178,445	178,445	0	0	0	178,445		
Currency translation difference		0	0	0	0	0	3,313	0	3,313		
Goodwill arising on acquisition of subsidiaries		0	0	0	0	0	(12,593)	0	(12,593)		
Net loss not recognised in income statement											
Dividend for the financial year ended 31 December 2001	10	0	0	0	0	0	(9,280)	0	(9,280)		
<b>At 31 December 2002</b>		1,144,148	572,074	178,445	178,445	393,846	55,182	740,631	1,940,178		

for the financial year ended 31 December 2002

Group	Note	Issued and fully paid ordinary shares of RM0.50 each		1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable			Distributable	
		Number of shares '000	Nominal value 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	
At 1 January 2001		593,953	296,977	0	0	252,582	63,336	622,038	1,234,933	
As previously reported		0	0	0	0	0	0	10,691	10,691	
Prior year adjustment	33	593,953	296,977	0	0	252,582	63,336	632,729	1,245,624	
As restated		0	0	0	0	0	0	50,474	50,474	
Net profit		36	18	0	0	40	0	0	58	
Issue of shares:										
- Transferable Subscription Rights exercised		0	0	0	0	0	(1,564)	0	(1,564)	
Currency translation differences		0	0	0	0	0	2,690	0	2,690	
Revaluation of hotel properties		0	0	0	0	0	1,126	0	1,126	
Net gain not recognised in income statement		0	0	0	0	0	0	0	0	
Dividends for the financial year ended:										
- 31 December 2000		0	0	0	0	0	0	(10,691)	(10,691)	
- 31 December 2001	10	0	0	0	0	0	0	(6,415)	(6,415)	
At 31 December 2001		593,989	296,995	0	0	252,622	64,462	666,097	1,280,176	

for the financial year ended 31 December 2002

Company	Note	Issued and fully paid ordinary shares of RM0.50 each		Convertible Preference Shares of RM1.00 each		1% Irredeemable		Non-distributable		Distributable		Total RM'000
		Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000				
<b>At 1 January 2002</b>												
As previously reported	33	593,989	296,995	0	0	252,622	29,258	502,168	1,081,043			
Prior year adjustment		0	0	0	0	0	0	0	4,276	4,276		
<b>As restated</b>		593,989	296,995	0	0	252,622	29,258	506,444	1,085,319			
Net loss		0	0	0	0	0	0	(10,776)	(10,776)			
Dividends for the financial year ended:												
- 31 December 2001	10	0	0	0	0	0	0	(4,276)	(4,276)			
Issue of shares:												
- Acquisition of Tan & Tan		166,549	83,274	0	0	333,097	0	0	416,371			
- Bonus issue		380,269	190,134	0	0	(190,134)	0	0	0			
- Employees' Share Options		3,341	1,671	0	0	1,069	0	0	2,740			
Share issue cost		0	0	0	0	(2,808)	0	0	(2,808)			
Issue of 1% Irredeemable												
Convertible Preference Shares		0	0	178,445	178,445	0	0	0	178,445			
<b>At 31 December 2002</b>		1,144,148	572,074	178,445	178,445	393,846	29,258	491,392	1,665,015			

for the financial year ended 31 December 2002

Company	Note	Issued and fully paid ordinary shares of RM0.50 each		1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable		Distributable		Total RM'000
		Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000		
<b>At 1 January 2001</b>										
As previously reported	33	593,953	296,977	0	0	252,582	29,258	440,803		1,019,620
Prior year adjustment		0	0	0	0	0	0	10,691		10,691
As restated		593,953	296,977	0	0	252,582	29,258	451,494		1,030,311
Net profit		0	0	0	0	0	0	72,056		72,056
Issue of shares:										
- Transferable Subscription										
Rights exercised		36	18	0	0	40	0	0		58
Dividend for the financial year ended:										
- 31 December 2000		0	0	0	0	0	0	(10,691)		(10,691)
- 31 December 2001	10	0	0	0	0	0	0	(6,415)		(6,415)
<b>At 31 December 2001</b>		593,989	296,995	0	0	252,622	29,258	506,444		1,085,319

# CASH FLOW

## STATEMENTS

for the financial year ended 31 December 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Operating activities</b>					
Receipts from customers		383,692	171,717	2,020	4,083
Payments to contractors, suppliers and employees		(305,093)	(128,481)	(30,356)	(16,453)
Cash flow from/(used in) operations		78,599	43,236	(28,336)	(12,370)
Interest paid		(61,916)	(34,728)	(12,917)	(4,469)
Income taxes paid		(8,837)	(7,968)	(2,013)	(5,536)
Net cash generated from/(used in) operating activities		7,846	540	(43,266)	(22,375)
<b>Investing activities</b>					
Acquisition of Tan & Tan	32	(50,000)	0	(50,000)	0
Cash acquired from acquisition of Tan & Tan	32	(1,206)	0	0	0
Proceeds from sale of shares in associates		36,248	124,047	0	124,047
Proceeds from sale of investments		0	23,508	0	0
Interest received		5,444	1,917	1,423	1,732
Purchase of property, plant and equipment		(6,639)	(10,867)	(2,046)	(235)
Proceeds from sale of property, plant and equipment		8,306	133	207	117
Investment in subsidiaries		0	0	0	(1,000)
Investment in associates		(2,140)	(9,099)	(1,140)	(8,646)
Investment in other investments		0	(82)	0	0
Dividends received from subsidiaries		0	0	0	910
Dividends received from associates		31,657	19,401	4,410	10,921
Dividends received from investments		654	1,030	220	330
Repayment from subsidiaries		0	0	62,507	35,088
Repayment to subsidiaries		0	0	(2,392)	(28,384)
Advances to subsidiaries		0	0	(66,436)	0
Advances from subsidiaries		0	0	42,490	0
Repayment from associates		8,639	8,396	8,581	8,396
Advances to associates		(82)	(20,174)	(52)	(20,174)
Advances from associates		0	8,190	0	8,190
Repayment to associates		(25,222)	(4,733)	(1,461)	(4,672)
Net cash generated from/(used in) investing activities		5,659	141,667	(3,689)	126,620

# CASH FLOW

## STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Financing activities</b>					
Proceeds from shares issued by the Company		2,740	58	2,740	58
Share issue cost paid		(2,808)	0	(2,808)	0
Repayment of bank borrowings		(144,605)	(98,689)	(50,855)	(9,689)
Receipt of bank borrowings		95,619	90,000	35,000	30,000
Dividends paid		(10,691)	(10,691)	(10,691)	(10,691)
Fixed deposit held as security for bank guarantee facility		(11,004)	0	0	0
Net cash (used in)/generated from financing activities		(70,749)	(19,322)	(26,614)	9,678
Foreign currencies exchange difference on opening balances		113	(5)	0	0
<b>Net (decrease)/increase in cash and cash equivalents during the financial year</b>		<b>(57,131)</b>	<b>122,880</b>	<b>(73,569)</b>	<b>113,923</b>
Cash and cash equivalents at beginning of financial year		135,306	12,426	111,647	(2,276)
<b>Cash and cash equivalents at end of financial year</b>	26	<b>78,175</b>	<b>135,306</b>	<b>38,078</b>	<b>111,647</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2002

## 1. Principal activities

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

## 2. Summary of significant accounting policies

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

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

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

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

### (b) Basis of consolidation

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

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

### (c) Goodwill on consolidation

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

### (d) Subsidiaries

Investments in subsidiaries are stated at cost. An allowance is made when the Directors are of the opinion that there is a permanent diminution in the value of the investments.

### (e) Associates

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

Investments in associates are stated at cost or valuation. An allowance is made when the Directors are of the opinion that there is a permanent diminution in the value of the investments.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## (e) Associates (continued)

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

## (f) Investments

Investments in quoted and unquoted shares held as long term investments are stated at cost. An allowance is made when the Directors are of the opinion that there is a permanent diminution in value of the investments. Permanent diminution in the value of an investment is recognised as an expense in the financial year in which diminution is identified.

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

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

## (g) Property, plant and equipment

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

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

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

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

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

## (h) Depreciation

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## (h) Depreciation (continued)

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

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

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

## (i) Real property assets

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

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

## (j) Construction contracts

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

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

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

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

## (k) Revenue recognition

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## (l) Development properties and expenditure

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

The related development costs common to the whole project comprise finance charges on borrowings directly related to the financing of development and direct costs of construction. Costs charged to the income statement are in respect of properties sold and comprised proportionate land and development costs.

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

## (m) Inventories

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

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

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

## (n) Receivables

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

## (o) Foreign currencies

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

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

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

Foreign currency	2002 RM	2001 RM
1 US Dollar	3.800	3.800
1 Singapore Dollar	2.153	2.050
1 Sterling Pound	5.919	5.500
1 Hong Kong Dollar	0.487	0.486
1 Australian Dollar	2.135	1.934

## (p) Deferred taxation

Provision is made using the liability method for taxation deferred in respect of all timing differences. Deferred tax benefits are not recognised in the financial statements unless there is a reasonable expectation of realisation in the foreseeable future.

## (q) Cash and cash equivalents

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## (r) Financial instruments

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

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

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

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

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

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

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

## (s) Share capital

### (i) Classification

Ordinary shares and 1% Irredeemable Cumulative Preference Shares with automatic conversion on maturity date are classified as equity.

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

### (ii) Share issue cost

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

### (iii) Dividends

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

In previous year, dividends on ordinary shares are recognised as liabilities when proposed by Directors. Following the adoption of MASB 19 'Events After Balance Sheet Date', the Group has now changed this policy to recognise dividends in shareholders' equity in the financial year in which the obligation to pay is established.

## (t) Borrowings

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

## (u) Leases

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## (u) Leases (continued)

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.

## 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 review these risks and approves the treasury policies, which covers the management of these risks.

### 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.

### 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.

### 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.

### Credit risk

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

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

### 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 4. Revenue

	Group		Company	
	2002	2001	2002	2001
	RM '000	RM '000	RM '000	RM '000
Investment income	654	1,360	8,916	15,928
Rental and rent related income	138,723	82,534	479	1,826
Sale of development properties billed to stages of completion	124,004	51,714	1,844	0
Sale of goods and services	78,819	38,933	0	0
Contract revenue	63,489	25,339	0	0
	<u>405,689</u>	<u>199,880</u>	<u>11,239</u>	<u>17,754</u>

## 5. Profit from operations

	Group		Company	
	2002	2001	2002	2001
	RM '000	RM '000	RM '000	RM '000
<b>Profit from operations is stated after charging:</b>				
Allowance for doubtful debt of:				
- Subsidiaries	0	0	48,500	8,552
- Trade and other receivables	187	90	0	18
Allowance for diminution in value of:				
- Investments in subsidiaries	0	0	0	1,532
- Marketable securities	1,915	2,189	1,915	2,189
- Unquoted investments	0	9,155	0	0
Auditors' remuneration:				
- Current financial year	521	264	115	75
- Underprovision in respect of prior financial year	0	19	0	0
Contract costs	53,289	22,256	0	0
Depreciation of property, plant and equipment	41,009	34,274	540	339
Fees paid to a professional firm in which a Director is a member	0	599	0	271
Office rent	482	516	994	452
Realised exchange losses	3	223	0	223
Staff cost (include Directors' remuneration as disclosed in note 6)	47,422	25,770	8,349	2,380
Write off of property, plant and equipment	627	85	0	0
<b>And crediting:</b>				
Bad debts recovered	55	25	0	0
Dividends received (gross) from:				
- Subsidiaries:				
- Unquoted in Malaysia	0	0	2,541	268
- Associates:				
- Quoted in Malaysia	0	0	1,996	3,287
- Quoted outside Malaysia	0	0	0	11,836
- Unquoted	0	0	4,073	78
- Quoted investments:				
- In Malaysia	306	1,011	306	459
- Outside Malaysia	348	349	0	0

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 5. Profit from operations (continued)

	Group		Company	
	2002	2001	2002	2001
	RM '000	RM '000	RM '000	RM '000
<b>And crediting: (continued)</b>				
Exchange gain:				
- Realised	3,094	1,820	2,556	0
- Unrealised	0	1,124	0	0
Interest income:				
- Subsidiaries	0	0	66,866	21,928
- Others	5,444	2,117	1,423	1,732
Profit on disposal of property, plant and equipment	3,967	117	205	117
Rental income	231	17	0	0
Write back of allowance for doubtful debts	0	586	0	420
Write back of allowance for diminution in value of other investments	2,072	0	0	0

## 6. Directors' remuneration

	Group		Company	
	2002	2001	2002	2001
	RM '000	RM '000	RM '000	RM '000
<b>Fees:</b>				
- Directors of the Company	114	112	74	62
- Other Directors	76	33	0	0
<b>Other emoluments:</b>				
- Directors of the Company	1,988	1,288	1,964	1,252
- Other Directors	924	915	0	0
<b>Benefits-in-kind</b>	100	0	63	0
	3,202	2,348	2,101	1,314

The Directors' remuneration has been included in staff cost as disclosed in note 5.

## 7. Finance costs

	Group		Company	
	2002	2001	2002	2001
	RM '000	RM '000	RM '000	RM '000
<b>Finance costs are stated after charging/(crediting):</b>				
Interest expense on borrowings	61,552	43,464	13,820	13,205
Realised exchange gain on foreign currency borrowings	0	(363)	0	(363)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 8. Tax

		Group		Company	
	Note	2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
<b>In Malaysia</b>					
Income tax - current					
- Company and subsidiaries		(10,147)	(3,835)	(3,757)	(3,400)
- Associates		(17,521)	(9,388)	0	0
Income tax - prior years		(6,599)	0	(8,730)	0
Transfer from deferred taxation	15	4,863	744	0	700
		<u>(29,404)</u>	<u>(12,479)</u>	<u>(12,487)</u>	<u>(2,700)</u>
<b>Outside Malaysia</b>					
Income tax - current					
- Company and subsidiaries		(36)	0	0	(3,338)
- Associates		(2,804)	0	0	0
		<u>(2,840)</u>	<u>0</u>	<u>0</u>	<u>(3,338)</u>
		<u>(32,244)</u>	<u>(12,479)</u>	<u>(12,487)</u>	<u>(6,038)</u>

The effective tax rate of the Group for the financial year is lower than the statutory tax rate due to utilisation of certain subsidiaries' brought forward capital allowances of RM51,000,000.

The income tax payable of the Company for the financial year is mainly in respect of tax on interest income which is assessed separately.

## 9. Earnings per ordinary share

### (a) Basic earnings per ordinary share

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

	2002	2001
Net profit for the financial year (RM'000)	78,810	50,474
Weighted average number of ordinary shares in issue ('000)	1,093,598	974,258
Basic earnings per ordinary share (sen)	<u>7.21</u>	<u>5.18</u>

Comparative earnings per ordinary share information has been restated to take into account the effect of bonus issue as disclosed in note 11.

### (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 and no adjustment on profit for the financial year as the applicable net dividends are not due yet. In respect of warrants, a calculation is done to determine the number of ordinary shares that could have been acquired at market price (determined as the average annual share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding warrants. This calculation serves to determine the 'bonus' element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the period for the share options calculation.

	2002
Net profit for the financial year (RM'000)	78,810
Weighted average number of ordinary shares in issue ('000)	1,093,598
Adjustments for ICPS 2002/2007 ('000)	134,169
Adjustments for warrants ('000)	3,344
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	<u>1,231,111</u>
Diluted earnings per ordinary share (sen)	<u>6.40</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 10. Dividends

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

	Group and Company			
	2002		2001	
	Gross dividend per ordinary share Sen	Amount of dividend, net of tax RM '000	Gross dividend per ordinary share Sen	Amount of dividend, net of tax RM '000
Nil (2001: Interim dividend of 3% less tax at 28% )	0	0	1.50	6,415
Proposed first and final dividend of 3% less tax at 28% (2001: final dividend of 2% less tax at 28%)	1.50	12,357	1.00	4,276
	<u>1.50</u>	<u>12,357</u>	<u>2.50</u>	<u>10,691</u>

At the forthcoming Annual General Meeting on 30 May 2003, a first and final dividend in respect of the financial year ended 31 December 2002 of 3% less tax at 28% amounting to RM12,356,799 will be proposed for shareholders' approval. These financial statements do not reflect this first and final dividend which will be accrued as a liability in the financial year ending 31 December 2003 when approved by shareholders. This represents a change in accounting treatment from that of prior years as explained in note 33 to the financial statements.

## 11. Share capital

	Group and Company	
	2002	2001
	RM '000	RM '000
<b>Ordinary shares of RM0.50 each:</b>		
<b>Authorised</b>		
At 1 January/31 December	<u>1,000,000</u>	<u>1,000,000</u>
<b>1% Irredeemable Convertible Preference Shares 2002/2007 of RM1.00 each:</b>		
<b>Authorised</b>		
At 1 January	200,000	0
Created during the financial year	<u>0</u>	<u>200,000</u>
At 31 December	<u>200,000</u>	<u>200,000</u>

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

During the financial year, the Company's issued and fully paid-up share capital was increased from RM296,994,755.50 to RM572,074,018.50 by way of:

- an issue of 166,548,514 new IGB Shares at an issue price of RM2.50 per share as part purchase consideration for the acquisition of the entire equity interest in Tan & Tan Developments Berhad ('Tan & Tan');
- a bonus issue of 380,269,012 new IGB Shares credited as fully paid-up on the basis of one (1) new IGB Share for every two (2) IGB Shares held;
- an issue of 3,341,000 new IGB Shares for cash on the exercise of options pursuant to the Employees' share option scheme at an issue price of RM0.82 each.

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

As at 31 December 2002, IJM Corporation Berhad, an associate of the Company, held 37,102,500 (2001: 24,735,000) ordinary shares in the Company.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 11. Share capital (continued)

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

On 18 April 2002, the Company also issued 178,444,836 ICPS 2002/2007 at par as part purchase consideration for the acquisition of the entire equity interest in Tan & Tan. The salient terms of the ICPS 2002/2007 are as follows:

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

### (c) Warrants 1999/2004

On 30 December 1999, there was a Rights Issue of 118,558,714 new IGB shares with 118,558,714 warrants attached at an issue price of RM1.05 for each new IGB shares with one warrant attached on the basis of one new IGB share with one warrant attached for every four existing IGB shares held. Each Warrant carries the right to subscribe for one new ordinary share at the Exercise Price of RM1.50 for a period of five years from the date of issue of the Warrant. Pursuant to the bonus issue of new IGB shares as mentioned in note 11(a)(ii) above, on 18 April 2002, the exercise price and the number of warrants were adjusted from RM1.50 to RM1.00 and from 118,558,214 to 177,837,221 respectively.

The number of unexercised warrants as at 31 December 2002 is 177,837,221 (2001: 118,558,214).

As at 31 December 2002, IJM Corporation Berhad, an associate of the Company held 7,420,500 (2001: 4,947,000) warrants in the Company.

### (d) Employees' share option scheme ('ESOS')

The ESOS has expired on 4 November 2002. The unexercised options granted to subscribe for ordinary shares of RM0.50 each as detailed below has lapsed.

Exercise price	Number of options granted and unexercised
RM0.82	1,381,000
RM1.24	197,000
RM1.35	48,000
RM1.51	93,000
RM1.67	360,000
RM1.71	72,000
	<u>2,151,000</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 11. Share capital (continued)

### (d) Employees' share option scheme ('ESOS') (continued)

The main features of the ESOS were as follows:

- (i) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee, appointed by the Board of Directors;
- (ii) The total number of ordinary shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point of time during the existence of the ESOS which shall be in force for an extended period of five years expiring on 4 November 2002;
- (iii) The number of shares under options or option price or both so far as the option remain unexercised shall be adjusted following any issue of additional shares in the issued share capital of the Company by way of rights issue, capitalisation of profits or reserves or any sub-division and consolidation of the Company's shares;
- (iv) The option price at which the employees are offered to take up shares under the ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official list issued by the Kuala Lumpur Stock Exchange for the five market days preceding the respective dates of offer of the options, 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 during the financial year in the number of options over the shares of the Company are as follows:

	Number of Options
At 1 January 2002	3,671,000
Adjustments due to Bonus Issue	1,821,000
Exercised	(3,341,000)
Expired on 4 November 2002	<u>2,151,000</u>

## 12. Revaluation and other reserves

The revaluation and other reserves comprise:

	Group		Company	
	2002	2001	2002	2001
	RM '000	RM '000	RM '000	RM '000
<b>Undistributable</b>				
Exchange fluctuation reserves	18,565	15,252	0	0
Surplus on revaluation of properties	41,798	41,798	0	0
Surplus on revaluation of investment in an associate	29,258	29,258	29,258	29,258
Capitalisation of revenue reserves in an associate	686	686	0	0
	<u>90,307</u>	<u>86,994</u>	<u>29,258</u>	<u>29,258</u>
Goodwill arising on consolidation	(35,125)	(22,532)	0	0
	<u>55,182</u>	<u>64,462</u>	<u>29,258</u>	<u>29,258</u>
<b>Total revaluation and other reserves:</b>				
<b>At 1 January</b>	<b>64,462</b>	63,336	<b>29,258</b>	29,258
Exchange fluctuation reserves arising in the financial year	3,313	(1,564)	0	0
Surplus on revaluation of properties	0	2,690	0	0
Goodwill arising on consolidation	(12,593)	0	0	0
<b>At 31 December</b>	<b><u>55,182</u></b>	<u>64,462</u>	<b><u>29,258</u></b>	<u>29,258</u>

The undistributable reserves are not distributable as cash dividends.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 13. Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM100,232,000 (2001: RM89,000,000) out of its distributable reserves of RM 491,392,000 (2001: RM506,444,000) as at 31 December 2002 without incurring any additional tax liabilities. The Company also has tax exempt income as at 31 December 2002 amounting to RM124,700,000 (2001: RM124,555,000) available for distribution as tax exempt dividends to shareholders.

## 14. Bank borrowings

	Group		Company	
	2002	2001	2002	2001
	RM '000	RM '000	RM '000	RM '000
<b>Current</b>				
<b>Unsecured</b>				
Short term loans	76,095	16,000	26,000	16,000
Bank overdrafts	5,628	2,958	3,110	2,958
<b>Secured</b>				
Current portion of term loans	61,600	32,105	60,349	30,855
Short term loans	80,290	20,000	25,000	20,000
Murabahah Underwritten Notes and Syndicated Fixed Rate Loan	0	30,500	0	0
Bank overdrafts	7,283	0	0	0
	<u>230,896</u>	<u>101,563</u>	<u>114,459</u>	<u>69,813</u>
<b>Non-current</b>				
<b>Unsecured</b>				
Term loans	42,000	0	0	0
<b>Secured</b>				
Term loans	307,925	168,811	49,711	110,061
Murabahah Underwritten Notes and Syndicated Fixed Rate Loan	245,000	285,000	0	0
	<u>594,925</u>	<u>453,811</u>	<u>49,711</u>	<u>110,061</u>
Total repayable	<u>825,821</u>	<u>555,374</u>	<u>164,170</u>	<u>179,874</u>
Currency exposure profile of bank borrowings is as follows:				
- US Dollar	5,500		0	
- Ringgit Malaysia	820,321		164,170	
	<u>825,821</u>		<u>164,170</u>	

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

	Group		Company	
	2002	2001	2002	2001
	%	%	%	%
Weighted average effective finance rates:				
Bank overdrafts	7.68	7.53	7.29	7.53
Revolving credits	4.35	4.78	5.04	5.64
Term loans	<u>8.26</u>	<u>8.73</u>	<u>7.32</u>	<u>7.50</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 14. Bank borrowings (continued)

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 2002:					
- Fixed finance rate	40,350	80,211	151,500	60,000	332,061
- Floating finance rate	190,546	76,375	191,839	35,000	493,760
	<u>230,896</u>	<u>156,586</u>	<u>343,339</u>	<u>95,000</u>	<u>825,821</u>
At 31 December 2001:					
- Fixed finance rate	30,855	40,350	149,711	100,000	320,916
- Floating finance rate	70,708	61,250	61,875	40,625	234,458
	<u>101,563</u>	<u>101,600</u>	<u>211,586</u>	<u>140,625</u>	<u>555,374</u>

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 2002:					
- Fixed finance rate	40,350	49,711	0	0	90,061
- Floating finance rate	74,109	0	0	0	74,109
	<u>114,459</u>	<u>49,711</u>	<u>0</u>	<u>0</u>	<u>164,170</u>
At 31 December 2001:					
- Fixed finance rate	30,855	40,350	49,711	0	120,916
- Floating finance rate	38,958	20,000	0	0	58,958
	<u>69,813</u>	<u>60,350</u>	<u>49,711</u>	<u>0</u>	<u>179,874</u>

### Estimated fair values

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

	Group 2002 Carrying Amount RM'000	Fair Value RM'000
Term loans	<u>332,061</u>	<u>349,467</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 14. Bank borrowings (continued)

### Murabahah Underwritten notes and syndicated fixed rate loan

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

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

The MUNIF and SFRL are secured by way of the following:

- (a) First legal mortgage on the subsidiary's land together with the properties developed under Phase 1 of Mid Valley;
- (b) Corporate Guarantee from the Company and subordination of all shareholders' loan to the subsidiary;
- (c) Debenture over the assets of the subsidiary; and
- (d) Legal assignments of:
  - (i) all sales and purchase and tenancy agreements, the contractors' performance bonds and insurance contracts;
  - (ii) Mid Valley project account; and
  - (iii) the subsidiary's rights on building contracts, design and drawings of Mid Valley.

As at 31 December 2002, the amounts outstanding for MUNIF and SFRL are as follows:

- (a) RM45 million (2001: RM115.5 million) from MUNIF of is due for repayment on 19 March 2004. The weighted average effective cost of financing at the balance sheet date was 4.40% (2001: 4.43%) for the MUNIF facility; and
- (b) RM200.0 million (2001: RM200.0 million) from SFRL which will be repayable by ten (10) half-yearly instalments of RM20 million each, commencing at the beginning of the seventh year from the first draw on 16 March 1998. This SFRL carries an interest rate of 9.50% (2001: 9.50%) per annum.

## 15. Deferred taxation

	Note	Group		Company	
		2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
At 1 January		1,617	2,361	1,600	2,300
Arising from acquisition of Tan & Tan	32	63,809	0	0	0
Transfer to income statements	8	(4,863)	(744)	0	(700)
At 31 December		<u>60,563</u>	<u>1,617</u>	<u>1,600</u>	<u>1,600</u>

Deferred taxation has been provided for all timing differences for the Company.

Subject to agreement by the Inland Revenue Board, the amount of unutilised tax losses and unabsorbed capital allowances of certain subsidiaries available for set off against their future income chargeable to tax of the respective subsidiaries amounted to RM161,502,700 and RM10,539,500 (2001: RM106,377,000 and RM60,735,000) respectively. Deferred taxation has been provided for all other timing differences, except for the unutilised tax losses and unabsorbed capital allowances.

# NOTES

## TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

### 16. Property, plant and equipment

Group	Freehold land	Leasehold land	Other lands	Buildings	Hotel properties	Plant and machinery	Motor vehicles	Office furniture, fittings and equipment	Capital work-in-progress	Total
	RM '000	RM '000	RM'000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>2002</b>										
At 1 January										
<b>At cost</b>	2,008	1,558	46,955	473,764	23,733	197,742	3,302	30,696	76,327	856,085
<b>At valuation</b>	26,999	0	0	0	64,427	0	0	0	0	91,426
Additions	0	0	1,298	0	0	1,367	1,198	4,074	2,741	10,678
Acquisition of Tan & Tan	162,317	5,956	0	150,486	135,000	17,281	2,708	29,596	2,072	505,416
Write off	0	0	0	0	0	(2,501)	0	(790)	0	(3,291)
Disposals	(517)	0	0	(4,901)	0	(262)	(1,478)	(416)	0	(7,574)
At 31 December	<u>190,807</u>	<u>7,514</u>	<u>48,253</u>	<u>619,349</u>	<u>223,160</u>	<u>213,627</u>	<u>5,730</u>	<u>63,160</u>	<u>81,140</u>	<u>1,452,740</u>
<b>Accumulated Depreciation</b>										
At 1 January	0	0	953	20,313	0	43,446	2,641	12,602	0	79,955
Charge for the financial year	0	233	460	11,750	0	20,736	588	7,242	0	41,009
Acquisition of Tan & Tan	0	760	0	10,191	0	3,890	2,261	18,345	0	35,447
Write off	0	0	0	0	0	(1,943)	0	(721)	0	(2,664)
Disposals	0	0	0	(1,626)	0	(34)	(1,442)	(133)	0	(3,235)
At 31 December	<u>0</u>	<u>993</u>	<u>1,413</u>	<u>40,628</u>	<u>0</u>	<u>66,095</u>	<u>4,048</u>	<u>37,335</u>	<u>0</u>	<u>150,512</u>
<b>Net Book Value</b>										
At 31 December 2002										
At cost	163,808	6,521	46,840	578,721	158,733	147,532	1,682	25,825	81,140	1,210,802
At valuation	26,999	0	0	0	64,427	0	0	0	0	91,426
	<u>190,807</u>	<u>6,521</u>	<u>46,840</u>	<u>578,721</u>	<u>223,160</u>	<u>147,532</u>	<u>1,682</u>	<u>25,825</u>	<u>81,140</u>	<u>1,302,228</u>
<b>Net Book Value</b>										
At 31 December 2001										
At cost	2,008	1,558	46,002	453,451	23,733	154,296	661	18,094	76,327	776,130
At valuation	26,999	0	0	0	64,427	0	0	0	0	91,426
	<u>29,007</u>	<u>1,558</u>	<u>46,002</u>	<u>453,451</u>	<u>88,160</u>	<u>154,296</u>	<u>661</u>	<u>18,094</u>	<u>76,327</u>	<u>867,556</u>

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# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 16. Property, plant and equipment (continued)

Company	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Office furniture, fittings and equipment RM '000	Total RM '000
<b>2002</b>					
<b>At Cost</b>					
At 1 January	1,359	5,251	1,371	2,094	10,075
Additions	573	370	242	861	2,046
Disposals	0	0	(723)	(3)	(726)
At 31 December	<u>1,932</u>	<u>5,621</u>	<u>890</u>	<u>2,952</u>	<u>11,395</u>
<b>Accumulated Depreciation</b>					
At 1 January	242	5,251	1,354	1,373	8,220
Charge for the financial year	28	5	57	450	540
Disposals	0	0	(723)	(1)	(724)
At 31 December	<u>270</u>	<u>5,256</u>	<u>688</u>	<u>1,822</u>	<u>8,036</u>
<b>Net Book Value</b>					
At 31 December 2002	<u>1,662</u>	<u>365</u>	<u>202</u>	<u>1,130</u>	<u>3,359</u>
At 31 December 2001	<u>1,117</u>	<u>0</u>	<u>17</u>	<u>721</u>	<u>1,855</u>

### (a) Valuation

#### (i) Freehold land

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

The tax effect in connection with the surplus arising on the revaluation of the freehold land is not provided for as there is no foreseeable intention to dispose of the freehold land.

The net book value of freehold land of the Group that would have been included in the financial statements had this not been revalued and carried at cost is RM3,419,000 (2001:RM3,419,000).

#### (ii) Hotel properties

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

The net book value of hotel properties that would have been included in the financial statements had they not been revalued is at cost of RM50,423,351 (2001:RM50,423,351).

The tax effect in connection with the surplus arising on the revaluation of the hotel properties is not provided for as there is no foreseeable intention to dispose of these properties.

The hotel properties stated at valuation of RM64,427,000 (2001:RM64,427,000) have been charged as security for certain term loan facilities as disclosed in note 14.

- (b) Land and buildings, plant and machinery and capital work-in-progress at cost of RM844,795,000 (2001: RM737,016,000) have been charged as security for certain term loan facilities as disclosed in note 14.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 17. Subsidiaries

	Company	
	2002 RM '000	2001 RM '000
Unquoted shares, at cost	939,780	294,964
Allowance for diminution in value	(3,057)	(3,057)
	<u>936,723</u>	<u>291,907</u>

Details of subsidiaries are set out in note 36.

## 18. Associates

	Group		Company	
	2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
<b>Quoted, at cost</b>				
Shares				
- In Malaysia	220,616	220,616	66,531	66,531
Warrants				
- In Malaysia	4,815	4,815	4,815	4,815
<b>Unquoted shares</b>				
At cost				
- In Malaysia	356,124	136,460	127,640	126,500
- Outside Malaysia	98,278	45,101	0	0
At valuation				
- In Malaysia	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
	<u>729,833</u>	<u>456,992</u>	<u>248,986</u>	<u>247,846</u>
Group's share of post acquisition reserves and retained earnings less losses	<u>159,776</u>	<u>141,303</u>	<u>0</u>	<u>0</u>
	<u>889,609</u>	<u>598,295</u>	<u>248,986</u>	<u>247,846</u>
Allowance for diminution in value	<u>(56,484)</u>	<u>(56,484)</u>	<u>0</u>	<u>0</u>
	<u>833,125</u>	<u>541,811</u>	<u>248,986</u>	<u>247,846</u>
Group's share of net assets	<u>833,125</u>	<u>541,811</u>		
Group's share of contingent liabilities	<u>15,091</u>	<u>15,282</u>		
<b>Market value of quoted investments</b>				
Shares				
- In Malaysia	419,685	364,697	112,641	105,567
Warrants				
- In Malaysia	<u>30,353</u>	<u>20,500</u>	<u>30,353</u>	<u>20,500</u>
	<u>450,038</u>	<u>385,197</u>	<u>142,994</u>	<u>126,067</u>

Investments in associates of the Group at cost of RM220,616,000 (2001: RM220,616,000) and of the Company at cost of RM66,531,000 (2001: RM66,531,000) have been charged as security for certain term loan facilities as disclosed in note 14.

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

Details of associates are set out in note 37.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 19. Other investments

	Group		Company	
	2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
<b>At cost</b>				
<b>Quoted shares</b>				
- Outside Malaysia	36,239	36,239	0	0
<b>Unquoted shares</b>				
- In Malaysia	8,788	6,151	2,900	2,900
- Outside Malaysia	46,339	44,564	0	0
	<u>91,366</u>	<u>86,954</u>	<u>2,900</u>	<u>2,900</u>
Allowance for diminution in value	(40,140)	(42,212)	0	0
	<u>51,226</u>	<u>44,742</u>	<u>2,900</u>	<u>2,900</u>
<b>Market value of quoted investments</b>				
- Outside Malaysia	32,830	34,111		

The quoted investments have been charged as security for certain term loan facilities as disclosed in note 14. The market value at balance sheet date of these investments approximated their fair value.

## 20. Development properties and expenditure

	Group		Company	
	2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
Land and development expenditure, at cost	530,520	167,854	0	0
Attributable profit less foreseeable losses	36,633	4,991	0	0
	<u>567,153</u>	<u>172,845</u>	<u>0</u>	<u>0</u>
Progress payments received and receivable	(123,203)	(14,353)	0	0
	<u>443,950</u>	<u>158,492</u>	<u>0</u>	<u>0</u>

Land and development expenditure of the Group at cost of RM 277,875,000 (RM157,054,000) have been charged as security for certain term loan and overdraft facilities as disclosed in note 14.

## 21. Inventories

	Group		Company	
	2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
<b>At cost</b>				
Inventories of unsold properties	56,217	50,073	37,348	37,348
Consumables	186	18	0	0
Finished goods	692	0	0	0
Hotel operating supplies	1,287	847	0	0
	<u>58,382</u>	<u>50,938</u>	<u>37,348</u>	<u>37,348</u>

Inventories of unsold properties of the Group at cost of RM343,424 (2001:RM12,725,000) have been charged as security for certain term loan facilities as disclosed in note 14.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 22. Marketable securities

	Group		Company	
	2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
<b>At cost</b>				
Quoted shares				
- In Malaysia	9,783	9,783	6,529	6,529
Warrants				
- In Malaysia	7,036	7,036	7,036	7,036
	<u>16,819</u>	<u>16,819</u>	<u>13,565</u>	<u>13,565</u>
Allowance for diminution in value	(4,104)	(2,189)	(4,104)	(2,189)
	<u>12,715</u>	<u>14,630</u>	<u>9,461</u>	<u>11,376</u>
<b>Market value of marketable securities</b>				
Quoted shares				
- In Malaysia	9,431	9,783	9,431	9,783
Warrants				
- In Malaysia	3,284	4,847	3,284	4,847
	<u>12,715</u>	<u>14,630</u>	<u>12,715</u>	<u>14,630</u>

## 23. Trade and other receivables

	Group		Company	
	2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
Trade receivables	77,663	55,588	1,450	1,147
Less: Allowance for doubtful debts	(2,740)	(2,662)	(932)	(932)
	<u>74,923</u>	<u>52,926</u>	<u>518</u>	<u>215</u>
Other receivables	41,210	33,229	15,049	17,553
Less: Allowance for doubtful debts	(1,599)	(1,490)	(1,094)	(1,094)
	<u>39,611</u>	<u>31,739</u>	<u>13,955</u>	<u>16,459</u>
Sundry deposits	3,944	1,999	349	385
Prepayments	1,373	1,675	1,022	0
Tax recoverable	19,175	5,981	4,572	3,861
	<u>139,026</u>	<u>94,320</u>	<u>20,416</u>	<u>20,920</u>
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	63,847		518	
- US Dollar	10,905		0	
- Singapore Dollar	171		0	
	<u>74,923</u>		<u>518</u>	

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 24. Amount owing by/to subsidiaries

	Company	
	2002 RM '000	2001 RM '000
Amount owing by subsidiaries	799,273	746,844
Less: Allowance for doubtful debts	<u>(65,332)</u>	<u>(16,832)</u>
	<u>733,941</u>	<u>730,012</u>
Amount owing to subsidiaries	<u>267,755</u>	<u>227,657</u>

Amount owing by/to subsidiaries represents advances and are unsecured, have no fixed terms of repayment and carried nominal interest rates on amount owing by subsidiaries (2001: nominal) except for an amount owing by a subsidiary of RM418,950,056 (2001: RM372,037,947) which carries interest at a rate of 6% (2001: 6%) per annum.

## 25. Amount owing by/to associates

	Group		Company	
	2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
Amount owing by associates	146,243	147,238	77,046	85,575
Less: Allowance for doubtful debts	<u>(3,477)</u>	<u>(3,477)</u>	<u>(3,477)</u>	<u>(3,477)</u>
	<u>142,766</u>	<u>143,761</u>	<u>73,569</u>	<u>82,098</u>
Amount owing to associates	<u>37,787</u>	<u>42,898</u>	<u>9,269</u>	<u>17,443</u>

Amount owing by/to associates represents advances and are unsecured and have no fixed terms of repayment. The amount owing to associates are interest free except for an amount owing to an associate of RM5,975,000 which bears interest at 3.8% (2001: nil) per annum. The amount owing by associates are interest free (2001: nil).

## 26. Cash and cash equivalents

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

	Note	Group		Company	
		2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
Deposits with licensed banks		75,134	127,832	34,018	113,150
Cash and bank balances		26,956	10,432	7,170	1,455
Bank overdrafts	14	<u>(12,911)</u>	<u>(2,958)</u>	<u>(3,110)</u>	<u>(2,958)</u>
		<u>89,179</u>	<u>135,306</u>	<u>38,078</u>	<u>111,647</u>
Less: Fixed deposits held as security for bank guarantee facility		<u>(11,004)</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>78,175</u>	<u>135,306</u>	<u>38,078</u>	<u>111,647</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 26. Cash and cash equivalents (continued)

	Group 2002 RM '000	Company 2002 RM '000
The currency exposure profile of cash and cash equivalents is as follows:		
- Ringgit Malaysia	38,421	4,060
- US Dollar	35,034	34,018
- Singapore Dollar	1,991	0
- Hongkong Dollar	18	0
- Australian Dollar	2,711	0
	<u>78,175</u>	<u>38,078</u>

Included in the above is cash at bank amounting to RM3,493,195 and RM4,381 for the Group and Company (2001: RM405,355 and RM4,401) 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.

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

	Group		Company	
	2002 %	2001 %	2002 %	2001 %
Deposits with licensed banks				
- Ringgit Malaysia	2.65	2.22	0	0
- US Dollar	0.94	0	0.94	0
- Singapore Dollar	0.56	0.63	0	0
- Hongkong Dollar	0.06	2.10	0	0
- Australian Dollar	3.85	3.78	0	3.78

## 27. Trade and other payables

		Group		Company	
	Note	2002 RM '000	2001 RM '000	2002 RM '000	2001 RM '000
Trade payables		99,804	53,147	10	10
Accruals		96,669	85,528	21,178	44,785
Dividend payable		0	6,415	0	6,415
Other payables		33,341	20,803	7,551	14,969
Tenants' deposits received		36,618	14,660	948	881
Amount due to customers on contracts	28	6,025	12,901	0	0
		<u>272,457</u>	<u>193,454</u>	<u>29,687</u>	<u>67,060</u>

The currency exposure profile of trade payables is as follows:

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

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

Included in other payables is an advance of RM7,400,000 (2001: RM14,000,000) from a related party - Wah Seong (M) Trading Co. Sdn Bhd (Note 31). The advance is unsecured, has no fixed terms of repayment and carries interest at a rate of 4.39% (2001: 7.0%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 28. Construction contracts

	Note	Company	
		2002 RM '000	2001 RM '000
Costs incurred to-date		102,148	59,374
Attributable profit		<u>1,155</u>	<u>3,345</u>
		103,303	62,719
Progress billings		<u>(109,328)</u>	<u>(75,620)</u>
		<u>(6,025)</u>	<u>(12,901)</u>
Amount due to customers on contracts	27	<u>(6,025)</u>	<u>(12,901)</u>
Retention on contracts		<u>7,180</u>	<u>3,123</u>

## 29. Segment reporting - Group

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

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

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

Intersegment revenues comprise construction work for internal projects and office rental on an arms length basis.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 29. Segment reporting - Group (continued)

### a) Primarily reporting format - business segment

2002	Property Development RM'000	Property Investment and Holding RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
<b>Revenue</b>						
Total revenue	119,171	163,510	73,143	90,686	803	447,313
Intersegment revenue	(14,160)	(267)	0	(27,197)	0	(41,624)
External revenue	<u>105,011</u>	<u>163,243</u>	<u>73,143</u>	<u>63,489</u>	<u>803</u>	<u>405,689</u>
<b>Results</b>						
Segment results (external)	26,767	45,639	20,486	894	772	94,558
Unallocated income						<u>5,444</u>
Profit from operations						100,002
Finance costs						(66,218)
Share of results of associates	5,791	(38)	26,624	36,253	(182)	68,448
Gain from disposal of associates	0	0	12,261	0	0	<u>12,261</u>
Profit from ordinary activities before tax						114,493
Tax						<u>(32,244)</u>
Profit from ordinary activities after tax						82,249
Minority interests						<u>(3,439)</u>
Net profit for the financial year						<u>78,810</u>
<b>Other information</b>						
Segment assets	741,301	1,064,049	435,243	39,636	57,244	2,337,473
Associates	207,270	32,174	238,496	294,898	60,287	833,125
Unallocated assets						<u>75,134</u>
Total assets						<u>3,245,732</u>
Segment liabilities	171,861	97,108	42,692	85,936	4,181	401,778
Unallocated liabilities						<u>825,821</u>
Total liabilities						<u>1,227,599</u>
Capital expenditure	2,449	5,152	1,877	1,200	0	10,678
Depreciation	1,092	31,408	8,348	161	0	41,009

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 29. Segment reporting - Group (continued)

### a) Primarily reporting format - business segment

2001	Property Development RM'000	Property Investment and Holding RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
<b>Revenue</b>						
Total revenue	9,516	147,644	18,214	23,809	1,107	200,290
Intersegment revenue	0	0	0	(410)	0	(410)
External revenue	<u>9,516</u>	<u>147,644</u>	<u>18,214</u>	<u>23,399</u>	<u>1,107</u>	<u>199,880</u>
<b>Results</b>						
Segment results (external)	18,141	24,640	4,925	551	(27,673)	20,584
Unallocated income						<u>2,117</u>
Profit from operations						22,701
Finance costs						(46,289)
Share of results of associates	(10,817)	0	3,826	40,715	10,745	44,469
Gain from disposal of associates	41,045	0	0	0	0	41,045
Profit from ordinary activities before tax						61,926
Tax						(12,479)
Profit from ordinary activities after tax						<u>49,447</u>
Minority interests						1,027
Net profit for the financial year						<u>50,474</u>
<b>Other information</b>						
Segment assets	219,582	936,337	215,717	10,176	50,456	1,432,268
Associates	103,214	0	151,368	275,808	11,421	541,811
Unallocated assets						127,832
Total assets						<u>2,101,911</u>
Segment liabilities	92,996	80,786	7,102	63,572	1,762	246,218
Unallocated liabilities						555,374
Total liabilities						<u>801,592</u>
Capital expenditure	237	8,965	1,571	94	0	10,867
Depreciation	442	28,693	5,135	3	1	34,274

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

Capital expenditure comprises additions to property, plant and equipment (note 16), excluding additions resulting from acquisition of Tan & Tan.

Prior year's segment data that has been represented for comparative purposes has been restated to reflect the newly reportable property investment and holding and hotel segments as a separate segment, following the acquisition of Tan & Tan on 31 January 2002.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 29. Segment reporting - Group (continued)

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

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

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

\* Company's home country

	Revenue RM '000	Total Assets RM '000	Capital Expenditure RM '000
<b>2002</b>			
Malaysia	400,839	3,001,944	10,678
Asia Pacific	4,850	119,285	0
United Kingdom	0	124,503	0
	<u>405,689</u>	<u>3,245,732</u>	<u>10,678</u>
<b>2001</b>			
Malaysia	199,880	2,020,802	10,867
Asia Pacific	0	32,441	0
United Kingdom	0	48,668	0
	<u>199,880</u>	<u>2,101,911</u>	<u>10,867</u>

## 30. Contingent liabilities

	Company	
	2002 RM '000	2001 RM '000
Secured guarantees of bank facilities granted to subsidiaries	<u>24,040</u>	<u>20,484</u>

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 31. Significant related party disclosures

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

	Group	
	2002	2001
	RM '000	RM '000
<b>(a) Associates</b>		
<b>Dividend income (gross):</b>		
- Ipoh Limited	0	11,836
- IJM Corporation Berhad	7,098	14,197
- Negara Properties (M) Berhad	706	869
- Hampshire Park Sdn Bhd	27,903	0
- Kumpulan Sierramas (M) Sdn Bhd	3,502	0
- Macroland Holdings Sdn Bhd	4,073	0
<b>Interest income from Loan stocks</b>		
- Ipoh Limited	0	1,232
<b>(Repayment from)/ Advances to:</b>		
- Great Union Properties Sdn Bhd	(8,565)	11,462
<b>Repayment to:</b>		
- Ravencroft Investments Incorporated	21,866	0
- Macroland Holdings Sdn Bhd	1,461	0
<b>(b) Other related parties</b>		
Wah Seong (M) Trading Co. Sdn Bhd	<b>Relationship</b>	
	A company in which Robert Tan Chung Meng, a Director of the Company, has substantial financial interest	
Cahaya Utara Sdn Bhd	An associate of Wah Seong (M) Trading Co. Sdn Bhd	
Chan Hooi Chin	Close member of family of Tan Boon Gark, a Director of the Company	
Golden Screen Cinemas Sdn Bhd	An associate of Permodalan Nasional Berhad, a significant shareholder of the Company	
IJM Construction Sdn Bhd	A subsidiary of IJM Corporation Berhad, an associate of the Group	
IPS Project Supply Sdn Bhd	A subsidiary of Wah Seong (M) Trading Co. Sdn Bhd	
Sweat Club Sdn Bhd	A subsidiary of Gold IS Berhad, a significant shareholder of the Company	
Petro-Pipe Concrete Piles Sdn Bhd	A subsidiary of Wah Seong Corporation Berhad	
Syn Tai Hung Trading Sdn Bhd	Related to Robert Tan Chung Meng, a Director of the Company and Dato' Tan Chin Nam who are deemed majority shareholders of the Company via corporations in which they have more than 15% shareholding	

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 31. Significant related party disclosures (continued)

### (b) Other related parties (continued)

	Group	
	2002 RM '000	2001 RM '000
<b>Repayment of advances from:</b>		
- Wah Seong (M) Trading Co. Sdn Bhd	6,600	0
<b>Management/Marketing fee income from:</b>		
- Cahaya Utara Sdn Bhd	1,225	1,245
<b>Progress billings paid/payable to:</b>		
- IJM Construction Sdn Bhd	0	3,887
<b>Purchases of building materials from:</b>		
- IPS Project Supply Sdn Bhd	1,458	3,367
- Petro-Pipe Concrete Piles Sdn Bhd	1,393	0
- Syn Tai Hung Trading Sdn Bhd	1,741	0
<b>Rental income received/receivable from:</b>		
- Golden Screen Cinemas Sdn Bhd	3,071	2,591
- Sweat Club Sdn Bhd	1,109	1,107
<b>Sale of development properties to:</b>		
- Chan Hooi Chin	0	1,498

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

		Group	
	Type of transaction	2002 RM'000	2001 RM'000
<b>Associate - Receivable</b>			
- Great Union Properties Sdn Bhd	Advances	0	11,462

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 32. Acquisition of Tan & Tan Developments Berhad and its group of companies ('Tan & Tan')

Pursuant to the completion of the acquisition on 31 January 2002, Tan & Tan has become a 100% owned subsidiary of the Company.

The purchase consideration for the acquisition of Tan & Tan Group consists of:

- cash consideration of RM50,000,000
- issuance of 166,548,514 new IGB Shares at an issue price of RM2.50 per share
- 178,444,836 ICPS at 100% of its nominal value of RM1.00 each

The effect of this acquisition on the financial results of the Group during the financial year is shown below.

	11 months ended 31.12.2002 RM'000
Turnover	115,380
Cost of sales	(75,533)
Gross profit	39,847
Other operating income	10,794
Administrative expenses	(17,954)
Other operating expenses	(66)
Profit from operations	32,621
Finance costs	(19,597)
Share of results of associates	13,189
Profit from ordinary activities before tax	26,213
Tax:	
- Company and subsidiaries	(2,913)
- Associates	(3,175)
	(6,088)
Profit from ordinary activities after tax	20,125
Minority interests	(1,133)
Net profit for the financial year	18,992

The effect of this acquisition on the financial position of the Group at the financial year end is as follows:

	31.12.2002 RM'000
Property, plant & equipment	410,374
Real property assets	112,579
Associates	285,266
Investments	5,840
Development property expenditure	269,636
Inventories	19,703
Receivables, deposits and prepayments	71,810
Amount owing by associates	9,469
Deposit, bank and cash balances	9,166
Payables	(72,980)
Amount owing to associates	(28,518)
Bank borrowings	(80,500)
Current tax liabilities	(19,495)
Bank overdraft	(7,972)
Minority interests	(43,581)
Deferred taxation	(58,945)
Long term borrowings	(242,714)
Group's share of net assets	639,138

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 32. Acquisition of Tan & Tan Developments Berhad and its group of companies ('Tan & Tan') (continued)

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

	At date of acquisition RM'000
Property, plant & equipment	469,969
Real property assets	106,426
Associates	307,768
Investments	5,840
Development property expenditure	223,129
Inventories	22,766
Amount owing by associates	9,912
Receivables, deposits and prepayments	42,546
Deposit, bank and cash balances	12,760
Payables	(108,122)
Amount owing to associates	(22,461)
Bank borrowings	(84,700)
Current tax liabilities	(8,583)
Bank overdraft	(13,966)
Minority interests	(42,472)
Deferred taxation	(63,809)
Long term borrowings	(224,780)
Fair value of net assets acquired	<u>632,223</u>
Goodwill	12,593
Cost of acquisition	<u>644,816</u>
 Total purchase consideration	 644,816
Purchase consideration discharged by shares issued	(416,371)
Purchase consideration discharged by ICPS issued	(178,445)
Purchase consideration discharged by cash	50,000
Add : Cash and cash equivalents of Tan & Tan acquired	1,206
Cash outflow on acquisition	<u>51,206</u>

Goodwill arising on this acquisition has been written off against reserves.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 33. Prior year adjustment

During the financial year, the Group changed its accounting policy with respect to the recognition of liabilities in compliance with the new MASB Standard 19 "Events After the Balance Sheet Date". This change in policy has effect on the accounting treatment for dividends.

In previous years, dividends were accrued as liability when proposed by Directors. The Group has now changed this accounting policy to recognise dividends in shareholders' equity in the period in which the obligation to pay is established in accordance with MASB Standard 19. Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting. This change in accounting policy has been accounted for retrospectively.

The effect of the new accounting policy on the Group's and Company's financial statements is as follows:

	As previously reported RM'000	Effect of change in policy RM'000	As restated RM'000
<b>Group</b>			
At 1 January 2001:			
- Retained earnings	622,038	10,691	632,729
- Proposed dividend	10,691	(10,691)	0
At 31 December 2001:			
- Retained earnings	661,821	4,276	666,097
- Proposed dividend	4,276	(4,276)	0
<b>Company</b>			
At 1 January 2001:			
- Retained earnings	440,803	10,691	451,494
- Proposed dividend	10,691	(10,691)	0
At 31 December 2001:			
- Retained earnings	502,168	4,276	506,444
- Proposed dividend	4,276	(4,276)	0

## 34. Significant events

### (a) Completion of acquisition of Tan & Tan Developments Berhad ('Tan & Tan')

On 31 January 2002, the acquisition of Tan & Tan was completed. The effects of the acquisition are disclosed in note 32 to the financial statements. All new securities issued arising from the acquisition comprising 166,548,514 new ordinary shares of RM0.50 each and 178,444,836 ICPS 2002/2007 were listed and quoted on the Kuala Lumpur Stock Exchange on 18 May 2002.

### (b) Proposed disposal of shares and warrants in an associate, IJM Corporation Berhad

On 28 June 2002, Commerce International Merchant Bankers Berhad ('CIMB') announced on behalf of the Board that the Company proposes to dispose 70,982,534 ordinary shares of RM1.00 each in IJM Corporation Berhad ('IJM'), representing approximately 19.58% equity interest in IJM as at 18 June 2002 and 15,891,828 IJM Warrants representing approximately 19.90% of the existing unexercised IJM Warrants as at 18 June 2002, for a total cash consideration of RM382,511,526.18 to Tronoh Mines Malaysia Berhad ('TMMB').

On 22 November 2002, TMMB announced that it had obtained approval from the Foreign Investment Committee.

On 10 March 2003, TMMB announced that it had obtained approval from the Securities Commission.

An Extraordinary General Meeting of the Company will be convened on 8 May 2003 to seek shareholders approval for the proposed disposal.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 34. Significant events (continued)

### (c) Proposed new Employees' Share Option Scheme

On 28 November 2002, CIMB announced on behalf of the Board that the Company proposes to implement a new Employees' Share Option Scheme ('ESOS') for employees and executive directors of the Company and/or its subsidiaries ('Proposed New ESOS').

On 19 February 2003, approval was obtained from the Securities Commission.

On 10 March 2003, approval was obtained from the Kuala Lumpur Stock Exchange ('KLSE') for the listing and quotation for such number of new IGB Shares arising from any exercise of the options to be granted under the Proposed New ESOS on the Main Board of the KLSE.

An Extraordinary General Meeting of the Company will be convened on 8 May 2003 to seek shareholders approval for the Proposed New ESOS.

## 35. Non-cash transaction

The principal non-cash transaction during the financial year is the issue of shares as part consideration of the acquisition of Tan & Tan as disclosed in note 32.

## 36. Subsidiaries

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2002	2001
Abad Flora Sdn. Bhd. <sup>1</sup>	Property Investment	Malaysia	100.0	0
Amanbest Sdn. Bhd. <sup>2</sup>	Dormant	Malaysia	51.0	0
Amandamai Dua Sdn. Bhd. (formerly known as Gloxinia Sdn. Bhd.) <sup>3</sup>	Investment Holding	Malaysia	100.0	0
Amandamai Satu Sdn. Bhd. (formerly known as Terra Tinggi (M) Sdn. Bhd.) <sup>4</sup>	Property Investment	Malaysia	100.0	0
Angkasa Gagah Sdn. Bhd. <sup>5</sup>	Property Development	Malaysia	100.0	0
* Asian Equity Limited <sup>6</sup>	Investment Holding	British Virgin Islands	55.0	35.0
Atar Deras Sdn. Bhd. <sup>7</sup>	Property Investment And Development	Malaysia	100.0	0
* Auspicious Prospects Ltd. <sup>8</sup>	Investment Holding	Liberia	100.0	100.0
Bagan Ajam Estate Sendirian Berhad	Property Development	Malaysia	100.0	100.0
Belimbing Hills Sdn. Bhd. <sup>9</sup>	Property Development	Malaysia	100.0	0
* Bellegrove Pte. Ltd. <sup>10</sup>	Investment Holding	Singapore	100.0	100.0
* Beswell Limited <sup>11</sup>	Investment Holding	Hong Kong	100.0	100.0
Bintang Buana Sdn. Bhd. <sup>12</sup>	Property Development	Malaysia	90.0	0
Central Review (M) Sdn. Bhd. <sup>13</sup>	Hotel Operation and Management	Malaysia	100.0	0

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 36. Subsidiaries (continued)

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2002	2001
Cipta Klasik (M) Sdn. Bhd. <sup>14</sup>	Property Investment	Malaysia	100.0	0
Cititel Hotel Management Sdn. Bhd.	Hotel Management Services	Malaysia	60.0	60.0
City Beauty Sdn. Bhd. <sup>15</sup>	Dormant	Malaysia	100.0	0
Corpool Holdings Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Courtyard Sdn. Bhd. <sup>16</sup>	Home Furnishing	Malaysia	70.0	0
Danau Bidara (M) Sdn. Bhd. <sup>17</sup>	Property Holding	Malaysia	100.0	0
Dian Rezki Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Earning Edge Sdn. Bhd. <sup>18</sup>	Investment Holding	Malaysia	65.0	30.0
Ensignia Construction Sdn. Bhd.	Construction	Malaysia	100.0	100.0
Express Management Consultants Sdn. Bhd. <sup>19</sup>	Management Services	Malaysia	100.0	100.0
* Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	100.0	100.0
Hai Aun Co. Sendirian Berhad	Property Development	Malaysia	100.0	100.0
Harta Villa Sdn. Bhd. <sup>20</sup>	Property Holding	Malaysia	100.0	0
ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
ICDC Management Sdn. Bhd. <sup>21</sup>	Management Services	Malaysia	100.0	100.0
IEH Corporation Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	100.0	100.0
IGB Properties Sdn. Bhd. <sup>22</sup>	Property Investment	Malaysia	100.0	100.0
IGB Real Estate Sdn. Bhd. <sup>23</sup>	Dormant	Malaysia	100.0	100.0
Innovation & Concept Development Co. Sdn. Bhd. <sup>24</sup>	Property Development & Management	Malaysia	100.0	100.0
Intercontinental Aviation Services Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Ipoh Garden Shopping Complex Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
IT&T Engineering & Construction Sdn. Bhd.	Construction	Malaysia	100.0	100.0
Kemas Muhibbah Sdn. Bhd. <sup>25</sup>	Property Development	Malaysia	100.0	100.0

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 36. Subsidiaries (continued)

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2002	2001
KennyVale Sdn. Bhd. <sup>26</sup>	Property Development	Malaysia	100.0	0
Kilat Security Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Kondoservis Sdn. Bhd. <sup>27</sup>	Management Services to Condominiums	Malaysia	100.0	0
K Parking Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
+ Lingame Company Limited	Management Services	Hong Kong	100.0	100.0
Lucravest Holdings Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
* MiCasa Hotel Limited <sup>28</sup>	Hotelier	Myanmar	65.0	30.0
Mid Valley City Sdn. Bhd.	Property Development & Property Investment	Malaysia	90.3	90.3
Mid Valley Food Management Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Mid Valley MC Sdn. Bhd. (formerly known as MVC Centre Management Services Sdn Bhd) <sup>29</sup>	Dormant	Malaysia	90.3	90.3
Mid Valley Mulia Sdn. Bhd. (formerly known as Pasirindu Sdn Bhd) <sup>30</sup>	Dormant	Malaysia	90.3	100.0
Mid Valley Properties Sdn. Bhd. (formerly known as ICDC Properties Sdn Bhd) <sup>31</sup>	Dormant	Malaysia	90.3	100.0
MIHR Sdn. Bhd. <sup>32</sup>	Hotel Management and Consultancy	Malaysia	90.0	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
OPT Ventures Sdn. Bhd. <sup>33</sup>	Property Development	Malaysia	70.0	0
Outline Avenue (M) Sdn. Bhd. <sup>34</sup>	Property Investment	Malaysia	90.0	0
Pacific Land Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	100.0	100.0
Pebbles Enterprise Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Pekeliling Land Sdn. Bhd.	Property Holding	Malaysia	100.0	100.0
Pekeliling Property Sdn. Bhd.	Property Management & Services	Malaysia	100.0	100.0



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 36. Subsidiaries (continued)

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2002	2001
Penang Garden Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Permata Dunia Sdn. Bhd. <sup>35</sup>	Investment Holding	Malaysia	100.0	100.0
Permata Efektif (M) Sdn. Bhd. <sup>36</sup>	Property Development	Malaysia	83.0	0
Pinex Sdn. Bhd. <sup>37</sup>	Dormant	Malaysia	100.0	0
PIR Management Services Sdn. Bhd. <sup>38</sup>	Management & Maintenance Services	Malaysia	100.0	100.0
Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	100.0	100.0
Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Primanah Property Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Puncak Megah (M) Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Reka Handal Sdn. Bhd. <sup>39</sup>	Property Development	Malaysia	75.0	0
Riraience Enterprise Sdn. Bhd.	Investment Holding	Malaysia	100.0	100.0
Tanah Alam Sdn. Bhd.	Property Development	Malaysia	100.0	100.0
Tanah Permata Sdn. Bhd. <sup>40</sup>	Hotelier	Malaysia	100.0	100.0
Tanobi Sdn. Bhd. <sup>41</sup>	Property Holding	Malaysia	100.0	0
Tan & Tan Developments Berhad	Property Development, Project Management Services and Investment Holding	Malaysia	100.0	7.49
Tan & Tan Realty Sdn. Bhd. <sup>42</sup>	Property Investment	Malaysia	80.0	0
T-Bond Construction Sdn. Bhd. <sup>43</sup>	Construction	Malaysia	100.0	0
Teamwork M&E Sdn. Bhd. <sup>44</sup>	Mechanical and Electrical Services to Condominiums and Apartments	Malaysia	100.0	0
TTD Sdn. Bhd. <sup>45</sup>	Hotel Operation and Management	Malaysia	100.0	0
X-Speed Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
X-Speed Skatepark Sdn. Bhd. <sup>46</sup>	Dormant	Malaysia	90.3	90.3

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 36. Subsidiaries (continued)

### Notes:

- 1-5, 7, 9, 12-17, 20, 26, 27, 32-34, 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 - Held by Auspicious Prospects Ltd.  
 11 - Held by Pacific Land Sdn. Bhd.  
 18 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.  
 19, 21 & 24 - Held by ICDC Holdings Sdn. Bhd.  
 22, 23 & 40 - Held by IT & T Engineering & Construction Sdn. Bhd.  
 25 - Held by IGB Project Management Services Sdn. Bhd.  
 28 - Held by Earning Edge Sdn. Bhd.  
 29-31 & 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

\* Companies not audited by PricewaterhouseCoopers

## 37. Associates

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%) 2002	2001
* Aroma Laundry and Dry Cleaners Sdn. Bhd. <sup>1</sup>	Commercial Laundrette	Malaysia	20.0	0
* Crystal Centre Properties (International) Ltd. <sup>2</sup>	Investment Holding	Hong Kong	45.0	45.0
DMV Sdn Bhd <sup>3</sup>	Property Development	Malaysia	29.9	10.0
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. <sup>4</sup>	Investment in & Management of a Private Hospital	Malaysia	30.0	0
Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd. <sup>5</sup>	Property Development & Investment Holding in Medical Centres	Malaysia	30.0	0
+ Grapevine Investments (Hong Kong) <sup>6</sup>	Investment Holding Limited	Hong Kong	50.0	50.0
Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	50.0	50.0
+ Great Union Properties (S) Pte. Ltd. <sup>7</sup>	Hotel Marketing	Singapore	50.0	50.0
* Gunung Lang Development Sdn Bhd	Property Development	Malaysia	30.0	0
Hampshire Park Sdn. Bhd. <sup>8</sup>	Property Development	Malaysia	50.0	0
* Hicom Tan & Tan Sdn. Bhd. <sup>9</sup>	Property Development & Investment Holding	Malaysia	50.0	0

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 37. Associates (continued)

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%) 2002	2001
IUM Corporation Berhad <sup>10</sup>	Construction, Property Development & Investment Holding	Malaysia	19.5	20.2
* Istaron Limited <sup>11</sup>	Investment Holding	Hong Kong	50.0	50.0
Johan Kekal Sdn. Bhd.	Property Development	Malaysia	50.0	50.0
Kumpulan Sierramas (M) Sdn. Bhd. <sup>12</sup>	Property Development	Malaysia	47.0	0
Kundang Properties Sdn. Bhd.	Property Development	Malaysia	50.0	50.0
* Kyami Pty. Ltd. <sup>13</sup>	Property Management & Development	Australia	40.0	0
* Macroland Holdings Sdn. Bhd.	Property Development	Malaysia	30.0	30.0
MIHR Consulting Sdn. Bhd. <sup>14</sup>	Hotel Consultancy	Malaysia	31.5	0
* Negara Properties (M) Berhad <sup>15</sup>	Property Development	Malaysia	24.6	24.6
* New Commercial Investments Limited <sup>16</sup>	Investment Holding	British Virgin Islands	49.6	35.0
Permata Alasan (M) Sdn. Bhd. <sup>17</sup>	Property Development & Property Investment	Malaysia	50.0	0
Rapid Alpha Sdn. Bhd. <sup>18</sup>	Construction	Malaysia	50.0	50.0
* Ravencroft Investments Incorporated <sup>19</sup>	Investment Holding	British Virgin Islands	49.5	41.2
* Saigon Inn Hotel Co. <sup>20</sup>	Hotelier	Vietnam	33.8	33.8
Sierramas Homeowners Berhad <sup>21</sup>	Management of Community Area of Sierramas	Malaysia	23.5	0
* Sierramas Landscape Services Sdn Bhd <sup>22</sup>	Landscaping & Horticulture	Malaysia	47.0	0
* St Giles Hotel Ltd. <sup>23</sup>	Hotelier	United Kingdom	49.5	41.2
* St Giles Hotel (Heathrow) Ltd. <sup>24</sup>	Hotelier	United Kingdom	49.6	35.0
SuCasa Sdn. Bhd. <sup>25</sup>	Hotelier & Operator of Service Apartments	Malaysia	40.0	0
Sukatan Garisan Sdn. Bhd. <sup>26</sup>	Dormant	Malaysia	50.0	50.0
* Tentang Emas Sdn. Bhd. <sup>27</sup>	Investment Holding	Malaysia	49.0	0
* Weian Investments Pte. Ltd. <sup>28</sup>	Property Development & Trading	Singapore	49.0	49.0
Wilson Parking Sdn. Bhd.	Management of Car Parks	Malaysia	0	24.5

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2002

## 37. Associates (continued)

### Notes:

1, 4, 5, 8, 9, 12, 13, 17, 25, 27 - Held by Tan & Tan Developments Berhad.

2 - Held by Istaron Limited.

3 - Held by Tan & Tan Developments Berhad and IGB Corporation Berhad 19.9% and 10.0% respectively.

6, 28 - Held by Grapevine Investments Pte. Ltd.

7 - Held by Great Union Properties Sdn. Bhd.

10 - Held by IGB Corporation Bhd, Riraian Enterprise Sdn. Bhd. and Intercontinental Aviation Services Sdn. Bhd 3.54%, 13.21% and 2.75% respectively.

11 - Held by Pacific Land Sdn. Bhd.

14 - Held by MIHR Sdn. Bhd.

15 - Held by IGB Corporation Berhad and Intercontinental Aviation Services Sdn. Bhd 20.0% and 4.6% respectively.

16 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.

18 - Held by Ensignia Construction Sdn. Bhd.

19 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 27.72% and 14.10% respectively.

20 - Held by Crystal Centre Properties (International) Ltd.

21, 22 - Held by Kumpulan Sierramas (M) Sdn. Bhd.

23 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd 27.72% and 14.10% respectively.

24 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd 31.53% and 18.02% respectively.

26 - Held by Johan Kekal Sdn. Bhd.

+ Companies audited by member firms of PricewaterhouseCoopers International

\* Companies not audited by PricewaterhouseCoopers

# STATEMENT BY DIRECTORS PURSUANT TO

Section 169(15) of the Companies Act, 1965

We, Robert Tan Chung Meng and Dato' Seri Khalid Ahmad Bin Sulaiman two of the Directors of IGB Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 69 to 115 are drawn up so as to exhibit a true and fair view of the state of affairs of the Group and Company as at 31 December 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 18 April 2003.

**Robert Tan Chung Meng**  
Managing Director

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

## 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 69 to 115 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Chai Lai Sim**

Subscribed and solemnly declared by the abovenamed Chai Lai Sim at Kuala Lumpur on 18 April 2003.

Before me:

Commissioner for Oaths

for the financial year ended 31 December 2002

We have audited the financial statements set out on pages 69 to 115. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and Company as at 31 December 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

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

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

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

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

**PricewaterhouseCoopers**  
(AF: 1146)  
Chartered Accountants

**Shirley Goh**  
(No. 1778/08/04(J))  
Partner of the firm

Kuala Lumpur  
18 April 2003

Sri Bukit Persekutuan



## Additional Compliance Information



# ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Listing Requirements of the Kuala Lumpur Stock Exchange:

**1. Sanctions and/or Penalties**

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

**2. Non-audit fees**

The amount of non-audit fees paid and payable to the external auditors by IGB and its subsidiaries for the financial year ended 31 December 2002 are as follows:

	RM
PWC Taxation Services Sdn Bhd	405,345
PricewaterhouseCoopers	71,325
	<u>476,670</u>

**3. Recurrent related party transactions of a revenue or trading nature**

At an Extraordinary General Meeting on 29 June 2002, the Company had obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with paragraph 10.09(1)(b), Part E, Chapter 10 of the Listing Requirements of the Kuala Lumpur Stock Exchange, the details of the recurrent related party transactions conducted during the financial year ended 31 December 2002 pursuant to the shareholders' mandate are disclosed as follows:

Transacting companies within IGB Group	Transacting Parties	Nature of transactions	Aggregate value RM'000
IGB Group	<b>Wah Seong Group of Companies:</b>		
	Cahaya Utara Sdn Bhd	Provision of hotel management and related recreational services	1,225
	IPS Project Supply Sdn Bhd	Procurement of construction building related products/materials	1,458
	Petro-Pipe Concrete Piles Sdn Bhd	Procurement of construction building related products/materials	1,393
	Syn Tai Hung Trading Sdn Bhd	Procurement of construction building related products/materials	1,741
	Wah Seong (Malaya) Trading Co. Sdn Bhd	Leasing of properties for a period not exceeding 3 years on monthly rental payment	23
IGB Group	<b>Gold IS Group of Companies:</b>		
	Gold IS Berhad	Leasing of properties for a period not exceeding 3 years on monthly rental payment	171
	Diversified Healthcare Sdn Bhd	Leasing of properties for a period not exceeding 3 years on monthly rental payment	182
	Ecofen Marketing Sdn Bhd	Leasing of properties for a period not exceeding 3 years on monthly rental payment	78

Transacting companies within IGB Group	Transacting Parties	Nature of transactions	Aggregate value RM'000
IGB Group	Gold Information System Sdn Bhd	Procurement of information technology-related services	145
	Living Tree Pharmacy Sdn Bhd	Leasing of properties for a period not exceeding 3 years on monthly rental payment	150
	Sweat Club Sdn Bhd	Leasing of properties for a period not exceeding 3 years on monthly rental payment	1,109
	Cititel Hotel Management Sdn Bhd	Provision of hotel management and related recreational services	1,820
	Gleneagles Hospital (Kuala Lumpur) Sdn Bhd	Provision of medical services	7
	Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd	Provision of medical services	16
	MIHR Sdn Bhd	Provision of management and consultancy services	222
IGB Group	Courtyard Sdn Bhd	Provision of home furnishing	457
	Jeyaratnam & Chong	Leasing of properties for a period not exceeding 3 years on monthly rental payment	102
		Provision of legal services	378
IGB Group	<b>Insas Berhad Group of Companies:</b>		
	Dome Cafe Sdn Bhd Melium Sdn Bhd	Leasing of properties for a period not exceeding 3 years on monthly rental payment	307

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

Number of shares held	
-----------------------	--

I/We (full name in block capitals) .....

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

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

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

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirty-Ninth 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 Friday, 30 May 2003 at 3.00 p.m. and at any adjournment thereof. My/our proxy/ proxies is/are to vote as indicated below:

No.	Resolutions	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Re-election of Tan Sri Abu Talib bin Othman		
4.	Re-election of Dato' Seri Khalid Ahmad bin Sulaiman		
5.	Re-appointment of PricewaterhouseCoopers as Auditors		
6.	Authority to Directors to issue shares		
7.	Proposed Shareholders' Mandate for Recurrent Transactions		

(Please indicate with an 'X' in the respective box of the resolution. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.)

Dated this       day of       2003

.....  
Signature/Common Seal of Member(s)

**Notes:**

1. Every shareholder is entitled to appoint a proxy, and in the case of a corporation, to appoint a representative, to attend and vote in its place. A proxy need not be a shareholder of the Company.
2. This Proxy Form must be signed by the appointor or his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
3. You may not appoint more than two (2) proxies to attend and vote at the same meeting. Where two (2) proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in order for the appointment to be valid.
4. If this Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he/she thinks fit.
5. This Proxy Form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of the Company 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 appointed for holding the Annual General Meeting or at any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

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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

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stamp  
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Citel Mid Valley

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

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

**Tel : 2289 8989 Fax : 2289 8802**