IGB Corporation Berhad (5745-A)

Annual Report 2007

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Fourth ('44th') Annual General Meeting of IGB Corporation Berhad ('IGB' or 'the Company') will be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Wednesday, 28 May 2008 at 3.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon. (Resolution 1)

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

   (a) Tan Sri Abu Talib bin Othman (Resolution 2)
   (b) Robert Tan Chung Meng (Resolution 3)
   (c) Yeoh Chong Swee (Resolution 4)

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

4. To approve the Directors' fees of RM280,000 per annum. (Resolution 6)

AS SPECIAL BUSINESS

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

   "THAT Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman, a Director who retires pursuant to Section 129(2) of the Act be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next annual general meeting of the Company." (Resolution 7)

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

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

   "THAT pursuant to Section 132D of the Act, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being." (Resolution 8)

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

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

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

   (ii) the amount of funds to be allocated by the Company pursuant to the Share Buy-Back Mandate shall not exceed the retained earnings and share premium of the Company as at 31 December 2007; and

Notice of Annual General Meeting (cont'd)

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

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

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

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

"THAT the Company and/or its subsidiaries ('the Group') be and is/are hereby authorised to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of the Group ('Related Parties') as specified in Section 2.2.1 of the Statement/Circular dated 6 May 2008, provided that such arrangements and/or transactions are:

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

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

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

(iv) are not to the detriment of minority shareholders

(the 'RRPT Mandate');

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

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

By Order of the Board

Tina Chan
MAICSA 7001659
Company Secretary

Kuala Lumpur
6 May 2008

Notice of Annual General Meeting (cont'd)

Notes:

(1) Appointment of proxy

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

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

The particulars of all Directors including those seeking re-election (Resolutions 2, 3, 4 and 7) and their securities holdings in the Company and related corporation are contained in the Annual Report 2007.

(3) Explanatory notes on Special Business:

(a) Re-appointment of Director under Section 129(6) of the Act

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

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

Resolution 8, if approved, will renew the authorisation obtained at the last annual general meeting, pursuant to Section 132D of the Act, for issuance of up to 10% of the issued share capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

(c) Share Buy-Back Mandate

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

(d) RRPT Mandate

Resolution 10, if approved, will allow the Group to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations.

Further information on the renewal of Share Buy-Back Mandate and RRPT Mandate is set out in the Statement/Circular dated 6 May 2008 which is despatched with the Annual Report 2007.

Corporate Information

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Tan Sri Abu Talib bin Othman

Managing Director
Robert Tan Chung Meng

Executive Directors
Tan Boon Seng
Tan Boon Lee

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

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

Alternate to Managing Director
Chua Seng Yong

COMPANY SECRETARY
Tina Chan Lai Yin

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

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

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

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

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

Profile of the Board of Directors

TAN SRI ABU TALIB BIN OTHMAN

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

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

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

ROBERT TAN CHUNG MENG

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

He has vast experience in the property and hotel industry. After studying Business Administration in the United Kingdom, he was attached to a Chartered Surveyor's firm for a year. He 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 City project.

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

TAN BOON SENG

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

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

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

TAN BOON LEE

Mr Tan Boon Lee, aged 44, joined the Board of IGB on 10 June 2003 as Executive Director. He is also a member of Exco, Risk Management and Share & ESOS Committees.

He holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 20 years experience in the property and hotel industry, providing management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was the President of the Malaysian Association of Hotel Owners from 2002 to 2004.

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

Profile of the Board of Directors (cont'd)

TAN SRI DATO' SERI KHALID AHMAD BIN SULAIMAN

Tan Sri Dato' Seri Khalid Ahmad, aged 72, is the Senior Independent Non-Executive Director. He was appointed to the Board of IGB on 18 June 1982. He is the Chairman of Audit Committee, and a member of Nomination Committee.

He studied at the University of Leicester, England and was called to the Bar at Middle Temple in 1964. He worked as Legal Advisor to a statutory body ('MARA') for 3 years prior to setting up his own practice in Penang in 1969. He was also a senior member of the Penang State Executive Councillor from 1974 to 1982. Presently, he is the Chairman of the Advocates & Solicitors Disciplinary Board.

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

TAN LEI CHENG

Mdm Tan Lei Cheng, aged 51, is a Non-Independent Non-Executive Director. She was appointed to the Board on 10 June 2003.

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

She has 26 years of experience in the property industry and the corporate sector. She was the Chief Executive Officer of Tan & Tan Developments Berhad from March 1995, a property development company that was listed on Bursa Malaysia Securities Berhad until Goldis Berhad took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan Developments Berhad and Goldis Berhad. She is presently the Executive Chairman and Chief Executive Officer of Goldis Berhad. She also sits on the Boards of KrisAssets Holdings Berhad, Tan & Tan Developments Berhad and Macro Kiosk Berhad. She is a member of the World Presidents' Organisation, Malaysia Chapter. She is also a board member of the Kuala Lumpur Business Club.

PAULINE TAN SUAT MING

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

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

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

TONY TAN @ CHOON KEAT

Mr Tony Tan, aged 59, is a Non-Independent Non- Executive Director. He was appointed to the Board on 15 July 2003, and is a member of Audit Committee.

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

Profile of the Board of Directors (cont'd)

TAN KAI SENG

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

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

DATUK ABDUL HABIB BIN MANSUR

Datuk Abdul Habib, aged 64, is a Non-Independent Non-Executive Director. He was appointed to the Board on 13 June 2003, and represents Permodalan Nasional Berhad, a shareholder of IGB.

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

YEOH CHONG SWEE

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

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

CHUA SENG YONG

Mr Chua Seng Yong, aged 45, is the Executive Assistant to the Managing Director. He joined IGB as Financial Controller in 1994 and has more than 21 years experience in the property and hotel industry. He was appointed the alternate director to the Managing Director on 30 November 1999.

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

Notes:

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

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the Annual Report and the Audited Financial Statements of the Group for the financial year ended 31 December 2007.

Financial Results

For the year in review, the Group registered revenue of RM673.9 million, a slight dip of 6.3% from RM719.0 million in 2006. However, pre-tax profit increased by 1.1% to RM204.2 million, from RM202.0 million. Revenue recorded by the three major operating divisions were Property Development, RM262.0 million; Property Investment & Management, RM252.9 million; and Hotel, RM136.8 million.

Dividend

I am pleased to announce the Board has declared an interim dividend of 2.5% tax exempt and 2.5% less tax for the financial year ended 31 December 2007. This dividend will be paid on 23 May 2008.

Operational Highlights

The Gardens Mall in Mid Valley City opened its doors amidst fierce competition in September 2007, providing shoppers and visitors with an upscale retail option within the integrated development's enclave. The Megamall meanwhile, remains a top destination as evidenced by the increase in visitor numbers to approximately 30 million. In Property Development, two new projects were launched – the twin 30-storey Hampshire Place and the upper mid-end One Jelatek condominium – with excellent market response. For existing developments, Laman Sierramas West expanded the Sierramas footprint with choices of tropical courtyard terraces and semi-detached homes while remaining units for U-Thant Residences, Cendana on Jalan Sultan Ismail, Seri Maya's Savanna and Sierramas West's Phase 2D were all taken up. IGB also clinched the No 2 spot in The Edge's Top Property Developers Awards 2007, the fifth consecutive year the Group's performance in this sector has been acknowledged.

With the many in-house projects on hand; from the commercial, retail and residential spaces within Mid Valley City to the various residential undertakings around the Klang Valley, the Construction division remained active throughout the year. Also performing above expectations was the Hotel division. The Cititel Express brand was launched with the opening of Cititel Express (formerly Stanford Hotel) in Kuala Lumpur and the signing of a Build-Operate-Transfer agreement with the Sabah Economic Development Corporation for a proposed Cititel Express hotel in Kota Kinabalu. Overseas, the St Giles brand is expanding into Asia with the construction of St Giles Makati Hotel in Manila, Philippines. The Property Management portfolio quadrupled with the completion and opening of Mid Valley City's Centrepoint North and South Towers, both of which quickly achieved 100% occupancy. The Gardens' North and South Towers office space launched in late-2007 also achieved good take-up rates. Existing properties also continued to enjoy healthy occupancy rates in the mid to high nineties range.

Prospects

The Group's outlook for the coming year remains positive, supported by the launch of new developments and with the final phase of Mid Valley City poised to come on-stream in late 2008. With this, Mid Valley City's fully-integrated mixed development of commercial, residential and hotel units will make the IGB Group the largest owner and manager of commercial properties in Malaysia with over four million sq ft of office and retail space. The anticipated continued growth in these sectors will contribute towards sustaining and increasing land value.

Acknowledgement & Appreciation

During the year in review, Encik Harun bin Hashim Mohd stepped down as Non-Executive Director. On behalf of the Board, I would like to express our appreciation for his support and guidance during his tenure.

I would also like to record my thanks and appreciation to the relevant authorities for their continued cooperation and assistance, and to the management and staff for their dedication and contributions. To my fellow Board members, thank you for your continuous support and counsel.

TAN SRI ABU TALIB BIN OTHMAN
Chairman

Review of Operations

Dear Shareholders,

Financial year ended 31 December 2007 saw Group revenue at RM673.9 million, down 6.3% from the previous year's RM719.0 million but with a higher pre-tax profit of RM204.2 million, compared with RM202.0 million in 2006.

The Directors have declared an interim dividend of 2.5% tax exempt and 2.5% less tax for the year in review. This dividend will be paid on 23 May 2008.

Property Development

The division's contribution to Group turnover was RM262.0 million or 32% lower than the previous year. Segment results before finance costs and tax were also lower by 38% at RM52.5 million. The dip in earnings was partially attributed to the Board's decision to keep the commercial property in Jalan Jelatek for better future value realisation. The delay in the completion of the sale of Kundang lands was another contributing factor.

Key activities during the year included the launch of two new condominium developments and another gated residential community at Sierramas. The latest joint-venture to come on stream is Hampshire Place, a twin 30-storey mixed-use development of high-end luxury residential, office and retail space in Kuala Lumpur's Golden Triangle. The first 186 residences was launched in March 2007 and recorded more than 50% in sales. A second tranche in December 2007 pushed the take-up rate to 75% and enjoyed a 30% price appreciation at RM950 psf. Higher premiums are also expected for the penthouses which are slated at over RM1,200 psf.

The second project, One Jelatek, a 20-storey upper mid-end condominium, received overwhelming response at its October 2007 sales preview with eager purchasers snapping up 90% of the 90 units available. It is gratifying to note that in this market segment, we have achieved a new average price of RM420 psf. One Jelatek will pave the way for more projects in the upper market segment of the Setiawangsa-Ampang-Desa Pandan neighbourhood.

The introduction of Laman Sierramas West, a gated and guarded residential community of 47 tropical courtyard terraces and 2 semi-detached homes received muted response when it was soft-launched in March 2007. Construction activities have since been accelerated to expedite the second tranche of sales.

For our other developments, all remaining units at Seri Maya's Savanna and Sierramas West's Phase 2D (launched 2004), Cendana on Jalan Sultan Ismail (launched 2005) and U-Thant Residences (launched 2006) have been taken up. While Savanna and Sierramas have been completed and handed over, delivery for the latter two developments is targeted for 2008 and 2009 respectively.

The year saw IGB again nominated runner-up in The Edge's Top Ten Property Developers Awards, the fifth year in a row the Group's achievements in this sector have been recognised. This accolade acknowledges IGB's commitment to quality deliverables to our customers, and return on investment to our shareholders.

Retail

KrisAssets Holdings Berhad reported a pretax profit of RM107.0 million (excluding the fair value gain on investment property of RM70.0 million), an 11% increase compared with 2006, on the back of a 9% increase in turnover to RM207.1 million.

The Mid Valley Megamall retained its position as one of the top destinations in the Klang Valley with visitor numbers touching the 30 million mark. Occupancy remained at 100% with 131 tenancies renewed and 34 new tenants secured. The latter included international names such as Crocs, LeSportsac, Carl's Jr, Amuleto by Crystal Jade and Home & Cook's first concept store in Asia, and home-grown brands Vincci+, D'lish and TA Sin Guan Tin, amongst others.

Review of Operations (cont'd)

A major factor to The Megamall's continued popularity is its easy access. The KTM and shuttle bus services alone brought in an estimated 2.6 million and 500,000 visitors respectively.

In view of the current competitiveness in the retail market, emphasis continued to be placed on strong in-house and thematic marketing and promotional campaigns throughout the mall. Supporting this is an ongoing improvement and enhancement programme for the mall's environment to ensure an enjoyable experience for our visitors. At the same time, we also continued investing in a comprehensive staff training and skills development programme aimed at equipping staff with both soft and hard skills to better enable them carry out their responsibilities.

The year ended on a high note for The Megamall with its receipt of the Best Decorated Mall award for Christmas 2007 organised by the Ministry of Tourism Malaysia in conjunction with the Malaysia Year-End Sale 2007.

September 2007 saw the opening of Mid Valley City's higher mid-market lifestyle shopping destination, The Gardens Mall, the first component of The Gardens which will also comprise the five-star Gardens Hotel & Residences and two premium office towers, The Gardens South Tower and The Gardens North Tower. This high-end project aptly complements the ongoing success of The Megamall but taps into different market segments, thus extending Mid Valley City's shopping reach to a larger and more significant market. The Gardens Mall's upscale retail offer, anchored by the Isetan and Robinsons department stores, is primarily 'fashion focused', complemented by exclusive lifestyle shopping precincts and some of the city's finest dining offerings.

Hotel

The Hotel division continued to perform above expectations for financial year ended 31 December 2007.

Our local properties were beneficiaries of the very successful Visit Malaysia Year 2007 which recorded arrivals of 29.97 million and total tourist receipts of RM46.1 billion. Higher room and occupancy rates contributed to the division's growth in revenue by 13% to RM136.8 million, from RM120.7 million for the same period last year.

In May 2007, Cititel Express, the second brand under Cititel Hotel which was conceived to bring another new dimension to those preferring basic comfort with limited frills, was officially launched with the opening of the 245-room Cititel Express (formerly the Stanford Hotel) in Kuala Lumpur. More Cititel Express properties are in the pipeline following the signing of a Built-Operate-Transfer agreement with the Sabah Economic Development Corporation for a 300-room hotel in Kota Kinabalu and a proposed 500-room Cititel Express Penang.

At year-end, the five-star Gardens Hotel soft-opened in December 2007 while we bade farewell to MiCasa All-Suite Hotel, Kuala Lumpur's first hotel apartments, when the last guest checked out on 31 December 2007. The property will now undergo a massive renovation programme expected to take about 18 months.

Moving offshore, our properties also enjoyed brisk business, turning in commendable performances, in particular our associate in Ho Chi Minh City in view of heightened economic interests and activities in Vietnam. Understandably, the performance of the Yangon property was impacted by the public protests that took place in the last quarter of the year.

In November 2007, the St Giles group broke ground for the 500-room St Giles Makati Hotel in Manila, Philippines. Valued at RM120 million, the development is the Group's first venture in Philippines.

Property Investment & Management

The division's performance exceeded expectations with an all-time high occupancy rate in excess of 91% (excluding The Gardens North Tower). An expanded portfolio now includes eight office buildings under its management with a total net lettable area of 2.2 million square feet. The 'newcomers' are Centrepoint's North and South Towers which were completed in August 2007 and January 2007 respectively and have quickly achieved 100% occupancy. The Gardens South Tower, launched in October 2007, saw occupancy reaching 80%. The Gardens North Tower commenced letting in March 2008 and is expected to achieve good occupancy.

Construction

For the year in review, the Construction division chalked up revenue in excess of RM300 million. The slew of in-house projects around the Klang Valley made for a busy year. Over at Mid Valley City, projects included The Gardens Mall which opened in September 2007, Centrepoint North Office which was completed in August 2007, and the impending opening of The Gardens Hotel & Residences, The Gardens North and South Office Towers.

Other on-going projects include the condominium developments at Cendana on Jalan Sultan Ismail and U-Thant Residences on Jalan Taman U-Thant in Kuala Lumpur's Embassy Row.

Review of Operations (cont'd)

Corporate Social Responsibility ("CSR")

The year in review saw the Group continue with their respective on-going CSR calendar including company-wide healthy lifestyle and safety & security programmes for staff and an active recycling effort to encourage everyone to play their role; no matter how small, in cutting down waste within the Group. The Group's annual scholarship and bursary programme under the Dato' Tan Chin Nam Foundation and IGB Corporation Berhad Scholarship Awards turned 10 years with more recipients given scholarships or cash grants to assist them financially. Students in the programme are assisted by senior IGB management staff for mentoring, career guidance and educational support until they graduate. Many of the sponsored students later move on in their career either within the IGB Group, or outside, playing a role as good citizens of Malaysia.

Cititel Mid Valley also sponsored the 4th IGB Dato' Arthur Tan Malaysia Open 2007 and 27th IGB-ASTRO Merdeka Team Open Chess Championship 2007 in memory of the Group's late director and to promote chess, at its premises in August 2007.

December 2007 saw The Gardens Mall launch '2201 Fashion Avenue', a project aimed at helping young and aspiring local designers showcase their designs and creativity. Through 2201 Fashion Avenue, these talented Malaysians are given a strategic retail area to display and sell their products. The talented designers are also taught entrepreneurial skills required to open and operate their own business effectively such as human resource management, warehousing, inventory control, budgeting and sourcing of materials for production. It is hoped 2201 Fashion Avenue will be a springboard for them to grow into the international fashion arena.

And for its year-end celebration, Mid Valley City hosted two gala dinners featuring Russell Thompkins Jr and The Stylistics and a street party to usher in 2008. Funds raised from the dinners, plus a cash donation, went to the Women's Aid Organisation, a non-governmental organisation that actively advocates law and policy reforms to promote and protect the rights of women in Malaysia.

The Year Ahead

In the near-term, Kuala Lumpur is likely to remain the focal point of real estate development with demand in the high-end and niche sectors still bullish as the Government continues to ease restrictions on foreign ownership of local residential property.

The Group's strategy will be to continue strengthening our premium branding with high quality products that provide value and security in the mid to high-end segments, in particular in growth areas such as the KLCC, Ampang Hilir, Wangsa Maju, Desa Pandan, Sungai Buloh and of course, Mid Valley City.

With the year past witnessing several new retail competitors launch into the market, the retail industry is likely to undergo a period of stablisation and consolidation. Against this backdrop, Mid Valley City will work aggressively to increase its market presence. The Megamall will aim to maintain its growth while The Gardens Mall will complement The Megamall's ongoing success by tapping into the upscale market segment, enabling Mid Valley City to provide a comprehensive shopping experience of choices and options.

In hospitality, we will continue to explore opportunities and avenues to build on and strengthen our Cititel and St Giles hotel brands. Our investment in St Giles Hotel Makati in Philippines and Cititel Express Penang and Cititel Express Kota Kinabalu reflects the Group's strategy of continuing to explore opportunities to expand our footprint both at home and abroad, to further contribute to the Group's recurring income base.

Overall, we are confident the Group's operational results will be satisfactory in the new financial year, with the launch of new developments and the final phase of Mid Valley City on the drawing board. The completion of The Gardens North and South Office Towers will make the IGB Group one of the largest owners and managers of commercial properties in the country, with a total area in excess of 4 million sq ft of office and retail space. Without doubt, the continued growth in the retail, commercial, hospitality and residential sectors will help sustain and increase land value.

Given Malaysia's growing reputation as a shopping destination, having the right regulatory incentives to attract and encourage top foreign brands to invest in the sector and the industry's commitment to continue investing in upgrading human capital skills, maintenance and service, will go some ways towards fuelling further growth in the retail property sector. This in turn, bodes well for the IGB Group as we have the expertise in retail property management and marketing to expand our influence in this arena.

Thanks & Appreciation

I would like to add my thanks and appreciation to Encik Harun bin Hashim Mohd for his service on the Board and to wish him success in his future endeavours. To my fellow Board members, I extend sincere gratitude for their continued guidance and support and to the management and staff, my deepest appreciation for their determination, dedication and untiring efforts towards achieving the Group's goals.

ROBERT TAN CHUNG MENG
Managing Director

Corporate Governance Statement

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

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

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the best practices of good governance as set out in the Code pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Securities. These principles and best practices have been applied throughout the financial year ended 31 December 2007 ('FY2007').

I. BOARD

(1) Board responsibility

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

(2) Board balance

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

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

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

(3) Board meetings

The Board meets at least 4 times a year, with additional meetings convened as and when necessary. During FY2007, 4 Board meetings were held.

The attendance record of each Director was as follows:

	Number of meetings attended	Percentage
Tan Sri Abu Talib bin Othman	4	100
Robert Tan Chung Meng	4	100
Tan Boon Seng	4	100
Tan Boon Lee	4	100
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	4	100

Corporate Governance Statement (cont'd)

	Number of meetings attended	Percentage
Tan Kai Seng	4	100
Yeoh Chong Swee	3	75
Tan Lei Cheng	4	100
Pauline Tan Suat Ming	4	100
Tony Tan @ Choon Keat	3	75
Datuk Abdul Habib bin Mansur	4	100
Harun bin Hashim Mohd (resigned on 31 May 2007)	1	25
Chua Seng Yong (alternate to Robert Tan)	4	100

(4) Supply of information

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

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

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

(5) Board Committees

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

(a) Executive Committee ('Exco')

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

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

The Exco met 9 times in FY2007 which were attended by all members.

(b) Audit Committee ('AC')

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

Corporate Governance Statement (cont'd)

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

Further details of the terms of reference and activities of AC during FY2007 are set out in the Audit Committee Report.

(c) Nomination Committee ('NC')

The NC comprises 2 Independent Non-Executive Directors and a Non-Independent Non-Executive Director, namely Tan Sri Abu Talib bin Othman (Chairman), Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman and Pauline Tan Suat Ming. The NC recommends suitable candidates for appointments to the Board of the Company, including Committees of the Board. In addition, NC assesses the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director on an annual basis as well as reviews succession plans for members of the Board. The NC meets as and when required. The NC met thrice in FY2007 which were attended by all members.

(d) Remuneration Committee ('RC')

The RC comprises 2 Independent Non-Executive Directors and the Managing Director, namely Tan Sri Abu Talib bin Othman (Chairman), Yeoh Chong Swee and Robert Tan Chung Meng. The RC recommends to the Board the policy framework on terms of employment of and on all elements of the remuneration of the Managing Director, Executive Directors and senior executives of the Company. The RC is authorised to review and approve the annual salary increments and bonuses of the Managing Director, Executive Directors and senior executives of the Company. The RC meets as and when required. The RC met once in FY2007 which was attended by all members.

(e) Risk Management Committee ('RMC')

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

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

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

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

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

The Articles of Association ('Articles') provides that all Directors should submit themselves for re-election at least every 3 years in compliance with the Listing Requirements. The Articles also provide that 1/3 of the Board shall retire from office and be eligible for re-election at every AGM.

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

Directors standing for re-election at the 44th AGM of the Company to be held on 28 May 2008 are Tan Sri Abu Talib bin Othman, Robert Tan Chung Meng and Yeoh Chong Swee, who retire by rotation under Article 85 of the Articles. Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman, who is over the age of 70 years, is seeking for reappointment under Section 129(6) of the Act.

Corporate Governance Statement (cont'd)

(7) Directors' Training

All Directors have attended the Directors' Mandatory Accreditation Programme conducted by Bursa Securities and are aware of the requirement of the Continuing Education Programme set by Bursa Securities. During FY2007, all Directors have attended a number of training and seminar programmes which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

II. DIRECTORS' REMUNERATION

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

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

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

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

	Salaries RM	Fees RM	*Other Emoluments RM	**Benefits-in-kind RM	Total RM
Executive Director	1,546,000	-	866,722	196,635	2,609,357
Non-Executive Director	84,000	240,000	66,000	9,690	399,690
Total	1,630,000	240,000	932,722	206,325	3,009,047

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

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

Range of Remuneration	Executive Director	Non-Executive Director
Below RM50,000		8
RM100,001 to RM150,000		1
RM250,001 to RM300,000	1	
RM400,001 to RM450,000	1	
RM450,001 to RM500,000	1	
RM1,400,001 to RM1,450,000	1	

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

Corporate Governance Statement (cont'd)

III. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

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

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

The Group also conducts road shows and investor briefings with financial analysts, institutional investors and fund managers from time to time as a means of effective investors relationship. In addition, shareholders can obtain up-to-date information on the Company and the Group's activities, press releases, corporate announcements and the latest quarterly result announcement by accessing its website at www.igbcorp.com.

IV. ACCOUNTABILITY AND AUDIT

(1) Financial reporting

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

(2) Directors' Responsibility Statement

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

The Directors consider that in preparing Financial Statements FY2007, the Group has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the Financial Statements comply with the Act.

(3) Internal control

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

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

(4) Relationship with the auditors

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

V. OTHER INFORMATION

(1) Material contracts

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

Corporate Governance Statement (cont'd)

Date	Transacting Parties	Nature of transaction	Consideration RM	Mode of settlement of consideration	Nature of relationship
07.05.07	IGB and MVC Fiberlynx Sdn Bhd (Fiberlynx)	IT Infrastructure Management Agreement	Payment to IGB shall be based on 65% of Fiberlynx's profit before tax (PBT) until such time that the full investment cost on the IT infrastructure has been recouped; the amount payable shall be then reduced to 50% of Fiberlynx's PBT	Cash	□
11.09.97	Cititel Hotel Management Sdn Bhd (CHM) and Cahaya Utara Sdn Bhd (CUSB)	Renewal of Management, Marketing and Reservations Agreement	Management Fee: 3% of gross operating revenue or RM80,000 per month, whichever is higher; Marketing Fee: 1.5% gross operating revenue or RM1.00 per available room night, whichever is higher.	Cash	□

Notes:

□ Fiberlynx is a wholly-owned subsidiary of Macro Lynx Sdn Bhd (ML), in turn a wholly-owned subsidiary of Goldis Berhad (Goldis), the latter is a major shareholder of IGB. Robert Tan Chung Meng (RTCM), Pauline Tan Suat Ming (PTSM), Tony Tan @ Choon Keat (TTCK), Dato' Tan Chin Nam (DTCN), Tan Chin Nam Sdn Bhd (TCNSB), Tan Kim Yeow Sdn Bhd (TKYSB) and Wah Seong (Malaya) Trading Co Sdn Bhd (WSTSB) are/were directors and/or major shareholders of IGB and Goldis.

□ CHM is 60%-owned by IGB. CUSB is the owner of Cititel Penang and 50%-owned by WSTSB.

(2) Recurrent related party transactions of a revenue or trading nature ('RRPTs')

At the last AGM held on 31 May 2007, the Company obtained a shareholders' mandate to allow the Group to enter into RRPTs.

In accordance with Section 4.1.5 of Practice Note No. 12/2001 issued by Bursa Securities, the details of the RRPTs conducted during FY2007 pursuant to the shareholders' mandate are as follows:

Nature of RRPTs	Transacting Parties	Interested Related Parties	Aggregate Value RM
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security and support services ▪ Purchase/supply of building materials and related products	KrisAssets Holdings Berhad group of companies ('Kris Group')	RTCM [a] Tan Boon Seng [b] ('TBS') Tan Lei Cheng [c] ('TLC') Tan Boon Lee [d] ('TBL') PTSM [e] TTCK [f] DTCN [g] Daniel Yong Chen-I [h] ('DYCI') Elizabeth Tan Hui Ning [i] ('ETHN') Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	9,665,261-53

Corporate Governance Statement (cont'd)

Nature of RRPTs	Transacting Parties	Interested Related Parties	Aggregate Value RM
▪ Purchase/procurement of information technology relating to products and consultancy services ▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security and support services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any one of the percentage ratios in the Listing Requirements	Goldis group of companies ('Goldis Group')	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] DYCI [h] ETHN [i] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	1,367,588-21
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security and support services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any one of the percentage ratios in the Listing Requirements	WSTSB group of companies ('WSTSB Group')	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] DYCI [h] ETHN [i] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	4,516,193-60
▪ Purchase/supply of building materials and related products ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any one of the percentage ratios in the Listing Requirements	Wah Seong Corporation Berhad group of companies ('WSCB Group')	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] DYCI [h] ETHN [i] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	778,106-75

Corporate Governance Statement (cont'd)

Nature of RRPTs	Transacting Parties	Interested Related Parties	Aggregate Value RM
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security and support services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any one of the percentage ratios in the Listing Requirements	TCNSB	TBS [b] TLC [c] TBL [d] DTCN [g] Goldis [j] TCNSB [k] WSTSB [m]	6,841-00
▪ Legal advisory and consultancy services by solicitors ▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum	Jeyaratnam & Chong ('J&C')	TBS [b] TLC [c] TBL [d] DTCN [g]	308,219-59
▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security and support services	Mayside Engineering S.A. ('ME')	Antony Patrick Barragry [n]	120,000-00
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum	Lamanila Café Sdn Bhd ('LM')	Yeoh Chong Swee [o]	115,584-00
▪ Lease/tenancy of properties/assets & related facilities to/from related parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management & consultancy services including but not limited to project development, sales & marketing, hotel, construction, engineering, landscaping, advertising, maintenance, security and support services	Subsidiaries of IGB ▪ CHM ▪ Tan & Tan Realty Sdn Bhd ('TTR') ▪ Technoltic Engineering Sdn Bhd ('TE')	RTCM [a] TBS [b] TLC [c] TBL [d] PTSM [e] TTCK [f] DTCN [g] DYCI [h] ETHN [i] Goldis [j] TCNSB [k] TKYSB [l] WSTSB [m]	16,998,630-87

Corporate Governance Statement (cont'd)

Nature of Interest:

[a] RTCM is a Director of IGB Group, Kris Group, WSCB Group, WSTSB Group, TKYSB Group and CUSB. He is a major shareholder of IGB, Kris, Goldis, WSCB and TKYSB. He is the father of Elizabeth Tan Hui Ning and a brother of PTSM & TTCK.

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

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

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

[e] PTSM is a Director of IGB, Goldis, WSCB, WSTSB Group, CUSB and TKYSB Group. She is a major shareholder of IGB, Kris, Goldis, WSCB and TKYSB. She is the mother to Daniel Yong Chen-I and a sister of RTCM & TTCK.

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

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

[h] Daniel Yong Chen-I is a Director of IGB Group and Kris Group. He is a son of PTSM.

[i] Elizabeth Tan Hui Ning is alternate to RTCM on the Board of Kris. She is a daughter to RTCM.

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

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

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

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

[n] Antony Patrick Barragry is a Director of IGB Group and Kris Group. He is also a Director and major shareholder of ME.

[o] Yeoh Chong Swee is a Director of IGB. He is the spouse of Yik Lian Ing, a Director and major shareholder of LM.

Audit Committee Report

The Audit Committee ('AC') of IGB is pleased to present the AC Report for FY2007

The AC was established by the Board on 12 April 1994 to assist the Board to carry out its responsibilities. The AC is governed by its terms of reference.

I. MEMBERS

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

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

II. MEETINGS

The AC met on 4 occasions during FY2007 and the attendance of each member of AC was as follows:

	Number of meetings attended
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	4
Tan Kai Seng	4
Yeoh Chong Swee	3
Tony Tan @ Choon Keat (appointed on 23 October 2007)	1
Robert Tan Chung Meng (resigned on 1 October 2007)	3

III. SUMMARY OF ACTIVITIES

A summary of the activities performed by AC during FY2007 were as follows:

(1) Financial Reporting

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

(2) External Audit

(a) Recommended to the Board the appointment and remuneration of the external auditors.
(b) Reviewed the audit strategy and plan with the external auditors.
(c) Reviewed and directed follow-up action, when needed, the findings of the external auditors on the results of the external audits.
(d) Discussed matters arising with the external auditors on their audit of the Group without the presence of the management.

(3) Internal Audit

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

(4) Related Party Transactions

Reviewed the disclosure of related party transactions of the Group and the reporting procedures for related party transactions.

Audit Committee Report (cont'd)

IV. INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by GIA Division, which reports to AC on its activities based on the approved annual internal audit plan.

The GIA Division adopts a risk-based auditing approach taking into account global best practices and industry standards. The main role of GIA Division is to provide AC with independent and objective reports on the effectiveness of the system of internal control within the Group.

GIA reports arising from assignments were issued to management for their response on their proposed corrective actions and/or status of implementation of audit recommendations. GIA reports were subsequently tabled to AC for their deliberation.

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

V. TERMS OF REFERENCE

(1) Membership

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

(2) Objectives

The primary objectives of AC are:

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

(3) Authorities

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

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

(4) Functions and Responsibilities

The functions and responsibilities of AC are as follows:

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

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

Audit Committee Report (cont'd)

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

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

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

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

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

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

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

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

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

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

(5) Meetings

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

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

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

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

Statement of Internal Control

RESPONSIBILITY

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

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

RISK MANAGEMENT

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

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

INTERNAL CONTROL

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

The main elements in the internal control framework include:

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

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

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

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

Analysis of Shareholdings
as at 10 April 2008

Authorised Share Capital	:	RM1,200,000,000
Issued and Paid-up Share Capital	:	RM744,982,003.50
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	On show of hands – 1 vote
		On a poll – 1 vote for each share held

SIZE OF SHAREHOLDINGS

Number of Shareholders	Size of Shareholdings	Number of Shares	Percentage of Issued Capital #
441	Less than 100	15,687	0.00
2,881	100 – 1,000	2,307,824	0.16
10,308	1,001 – 10,000	41,239,832	2.78
2,514	10,001 – 100,000	66,806,755	4.51
469	100,001 – less than 5% of issued shares	1,045,285,385	70.61
1	5% and above of issued shares	324,754,224	21.94
16,614		**1,480,409,707**	**100.00**

REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Number of Shares			
Name of Shareholders	Direct	Percentage of Issued Capital #	Deemed Interest	Percentage of Issued Capital #
Goldis Berhad	378,409,224	25.56	27,715,575	1.87
Robert Tan Chung Meng	3,915,562	0.26	504,067,678	34.05
Pauline Tan Suat Ming	996,777	0.07	504,067,678	34.05
Tony Tan @ Choon Keat	-	-	504,067,678	34.05
Tan Chin Nam Sdn Bhd	52,016,945	3.51	476,670,746	32.20
Tan Kim Yeow Sdn Bhd	30,855,682	2.08	473,211,996	31.96
Wah Seong (Malaya) Trading Co. Sdn Bhd	43,285,359	2.92	428,106,387	28.92
Employees Provident Fund Board	76,513,590	5.17	-	-

THIRTY LARGEST SHAREHOLDERS

		Number of Shares	Percentage of Issued Capital #
1.	Goldis Berhad	324,754,224	21.94
2.	Public Invest Nominees (Asing) Sdn Bhd - Exempt AN for Public Bank (Nominees) Limited	44,900,000	3.03
3.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	38,000,000	2.57
4.	Tan Chin Nam Sendirian Berhad	37,676,070	2.54
5.	Wah Seong (Malaya) Trading Co. Sdn Bhd	35,888,059	2.42
6.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Credit Suisse (SG BR-TST-Asing)	34,757,975	2.35
7.	HSBC Nominees (Asing) Sdn Bhd - HPBS SG for Kenderlay Ltd	28,262,800	1.91
8.	Multistock Sdn Bhd	27,715,575	1.87
9.	Employees Provident Fund Board	27,409,990	1.85
10.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund KG67 for AIM International Emerging Growth Fund	26,871,000	1.82

Analysis of Shareholdings (cont'd)
as at 10 April 2008

THIRTY LARGEST SHAREHOLDERS

		Number of Shares	Percentage of Issued Capital #
11.	Tan Kim Yeow Sendirian Berhad	25,871,432	1.75
12.	Permodalan Nasional Berhad	25,183,075	1.70
13.	HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Management Malaysia for Employees Provident Fund	24,724,900	1.67
14.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.K.)	21,158,400	1.43
15.	M & A Nominee (Asing) Sdn Bhd - Montego Assets Limited	17,689,150	1.19
16.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for HSBC Private Bank (Suisse) S.A. (Nassau AC CL)	15,605,800	1.05
17.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Morgan Stanley & Co. International PLC (IPB Client ACCT)	14,483,800	0.98
18	Citigroup Nominees (Asing) Sdn Bhd - Chase Manhattan Trustees Limited for Pacific Trust (CBLDN)	13,975,400	0.94
19.	HSBC Nominees (Asing) Sdn Bhd - CS (Lux) S.A. for Credit Suisse Equity Fund (Lux) – Asian Property	12,514,800	0.85
20.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for the HongKong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)	12,042,600	0.81
21.	Tan Chin Nam Sendirian Berhad	11,900,000	0.80
22.	Cartaban Nominees (Asing) Sdn Bhd - Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	11,430,700	0.77
23.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund	11,062,600	0.75
24.	HSBC Nominees (Asing) Sdn Bhd - TNTC for Saudi Arabian Monetary Agency	10,618,000	0.72
25.	Cartaban Nominees (Asing) Sdn Bhd - Investors Bank and Trust Company for Ishares, Inc	10,046,400	0.68
26.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund C021 for College Retirement Equities Fund	9,943,800	0.67
27.	M & A Nominees (Asing) Sdn Bhd - Dawnfield Pte Ltd	9,750,000	0.66
28.	Wah Seong Enterprises Sdn Bhd	9,551,714	0.65
29.	Citigroup Nominees (Asing) Sdn Bhd - CBLDN for Standard Life International Trust	9,513,400	0.64
30.	Mayban Nominees (Asing) Sdn Bhd - DBS Bank for Ripley Services Limited (200932)	9,334,900	0.63
	Total	**912,636,564**	**61.64**

Analysis of Shareholdings (cont'd)

as at 10 April 2008

REGISTER OF DIRECTORS' SHAREHOLDINGS IN IGB CORPORATION BERHAD

	Number of Shares			
Name of Directors	Direct	Percentage of Issued Capital #	Deemed	Percentage of Issued Capital #
Tan Sri Abu Talib bin Othman	1,385,000	0.09	-	-
Robert Tan Chung Meng	3,915,562	0.26	504,067,678	34.05
Tan Boon Seng	-	-	12,891,975	0.87
Tan Boon Lee	2,895,574	0.20	-	-
Tan Lei Cheng	1,962,667	0.13	1,690,137	0.11
Pauline Tan Suat Ming	996,777	0.07	504,067,678	34.05
Tony Tan @ Choon Keat	-	-	504,067,678	34.05
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	560,316	0.04	187,875	0.01
Tan Kai Seng	92,750	0.01	-	-
Yeoh Chong Swee	-	-	53,500	negligible
Datuk Abdul Habib bin Mansur	-	-	-	-
Chua Seng Yong	51,006	negligible	-	-

REGISTER OF DIRECTORS' SHAREHOLDINGS IN KRISASSETS HOLDINGS BERHAD

	Number of Shares			
Name of Directors	Direct	Percentage of Issued Capital *	Deemed	Percentage of Issued Capital *
Tan Sri Abu Talib bin Othman	-	-	-	-
Robert Tan Chung Meng	-	-	247,529,056	74.92
Tan Boon Seng	-	-	-	-
Tan Boon Lee	1,100	negligible	-	-
Tan Lei Cheng	-	-	-	-
Pauline Tan Suat Ming	-	-	247,529,056	74.92
Tony Tan @ Choon Keat	-	-	247,529,056	74.92
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	29,864	0.01	10,013	negligible
Tan Kai Seng	4,743	negligible	-	-
Yeoh Chong Swee	-	-	-	-
Datuk Abdul Habib bin Mansur	-	-	-	-
Chua Seng Yong	20,012	negligible	-	-

REGISTER OF DIRECTORS' WARRANTHOLDINGS IN KRISASSETS HOLDINGS BERHAD

	Number of Warrants			
Name of Directors	Direct	Percentage of Outstanding Warrants	Deemed	Percentage of Outstanding Warrants
Tan Sri Abu Talib bin Othman	66	negligible	-	-
Robert Tan Chung Meng	662,730	0.60	86,216,077	78.28
Tan Boon Seng	-	-	-	-
Tan Boon Lee	-	-	-	-
Tan Lei Cheng	44,045	0.04	39,916	0.04
Pauline Tan Suat Ming	16,268	0.01	86,216,077	78.28
Tony Tan @ Choon Keat	-	-	86,216,077	78.28
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	-	-	-	-
Tan Kai Seng	-	-	-	-
Yeoh Chong Swee	-	-	-	-
Datuk Abdul Habib bin Mansur	-	-	-	-
Chua Seng Yong	87	negligible	-	-

Notes:

\# Issued and paid-up share capital of RM740,204,853.50 comprising 1,480,409,707 ordinary shares excluding 9,554,300 treasury shares.

* Issued and paid-up share capital of RM330,420,500 comprising 330,420,500 ordinary shares excluding 100,000 treasury shares.

List of Major Properties
held by IGB Group as at 31 December 2007

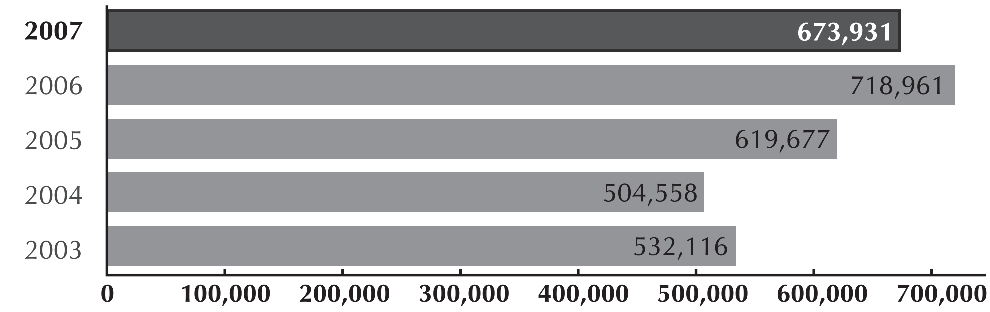
	Location / Address	Land Tenure	Age of Building (Years)	Description/ Existing use	Date of Acquisition/ Revaluation	Net Book Value RM million
1	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	8	Shopping complex known as Mid Valley Megamall together with approximately 6,500 car parking bays	17-12-1999	562,514
2	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	1	Shopping complex known as The Gardens Mall together with approximately 4,300 car parking bays	28-12-2004	442,366
3	Part of Lot PT 13 HS(D) 105026 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	The Gardens Hotel and Residences under construction at Mid Valley City	28-12-2004	167,853
4	Lot 15256 Mukim of Labu, District of Seremban, Negeri Sembilan	Freehold	-	344.0 hectares approved mixed development for residential and commercial use and unsold completed units	31-1-2002	123,846
5	Part of Lot PT 13 HS(D) 105026 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	Office space at The Gardens South Tower under construction at Mid Valley City	28-12-2004	118,913
6	Part of Lot PT 13 HS(D) 105026 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	Office space at The Gardens North Tower under construction at Mid Valley City	28-12-2004	111,559
7	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	8	646 rooms hotel known as Cititel Hotel Mid Valley	27-3-2006	97,391
8	386 Jalan Tun Razak Kuala Lumpur	Freehold	18	242 rooms all-suite hotel known as MiCasa Hotel Apartments	31-1-2002	97,310
9	207 Jalan Tun Razak Kuala Lumpur	Freehold	14	339,000 sq ft office space at Menara Tan & Tan	31-1-2002	86,749
10	Teluk Belaga, Pangkor Island	Freehold	22	259 rooms resort hotel known as “Pangkor Island Beach Resort”	24-12-2006	86,106

Five-Year Group Financial Highlights

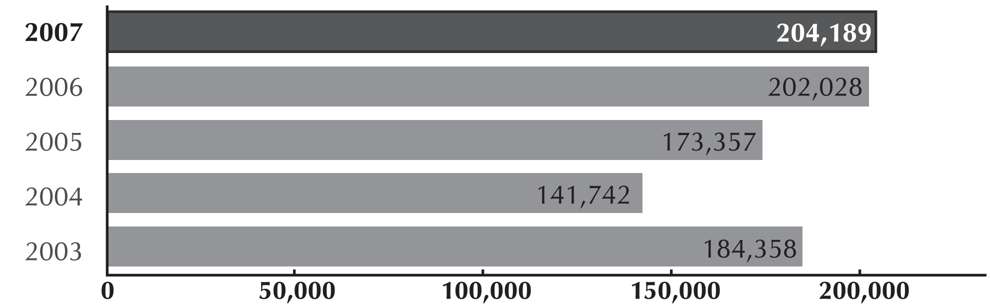
		2003	2004	2005	2006	2007
REVENUE	RM '000	532,166	504,558	619,677	718,961	673,931
PROFIT BEFORE TAX[1]	RM '000	184,358	141,742	173,357	202,028	204,189
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	RM '000	147,533	101,123	105,458	135,915	136,851
ISSUED SHARE CAPITAL (RM0.50)	RM '000	581,805	706,937	730,277	732,523	744,862
SHAREHOLDERS' FUNDS	RM '000	2,098,803	2,292,083	2,382,386	2,477,603	2,639,601
TOTAL ASSETS	RM '000	3,228,158	3,460,427	3,696,304	3,861,714	4,342,096
EARNINGS PER SHARE (Basic)	sen	12.9	8.2	7.2	9.3	9.3
NET ASSETS PER SHARE	RM	1.9	1.7	1.7	1.8	1.8
GROSS DIVIDENDS PER SHARE	sen	5.0	2.5	2.5	2.5	2.5
DIVIDEND RATE	%	10.0	5.0	5.0	5.0	5.0

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

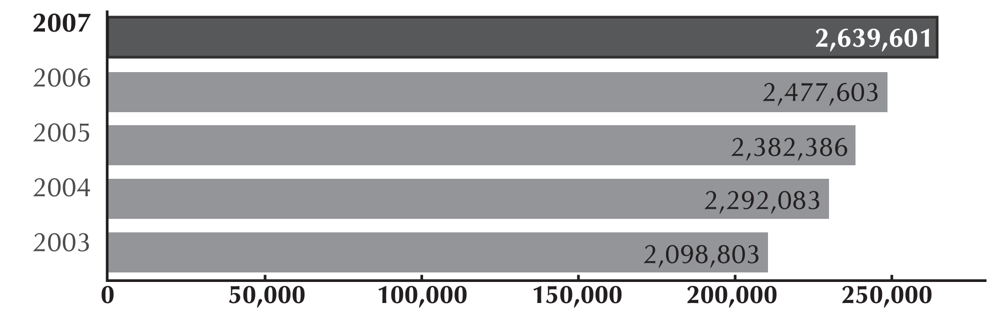
REVENUE (RM'000)



PROFIT BEFORE TAXATION (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



Contents

Reports and Financial Statements

Directors' report

for the financial year ended 31 December 2007

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 2007.

Principal activities and corporate information

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

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

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

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

Financial results

	Group RM '000	Company RM '000
Profit for the financial year	147,719	216,387

Dividends

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

	RM '000
(i) In respect of the financial year ended 31 December 2006 :	
(a) A final dividend of 5.0% tax exempt paid on 13 July 2007.	37,168
(b) An Irredeemable Convertible Preference Shares ('ICPS 2002/2007') dividend of 1% less tax paid on 15 March 2007.	195
(ii) In respect of the financial year ended 31 December 2007 :	
(a) An interim dividend of 2.5% less tax and 2.5% tax exempt was declared on 28 February 2008 and will be paid on 23 May 2008.	32,208

Reserves and provisions

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

Directors' report (continued)

for the financial year ended 31 December 2007

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 RM732,523,126 to RM744,862,004 by way of the following issue of shares:

Issue of shares	No of shares '000	Nominal value RM'000
Exercise of ICPS 2002/2007	21,255	10,627
Exercise of ESOS (exercise prices RM0.93 – RM1.05)	3,423	1,712
	24,678	12,339

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

(b) Treasury shares

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 31 May 2007, renewed the approval of the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 6,253,900 of its own shares from the open market for RM13,971,021. The average purchase price for the shares repurchased was RM2.23 per share. The repurchase transaction was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at historical cost of repurchase. The Company has the right to distribute these shares as dividends to reward shareholders and/or resell the shares. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. During the financial year, the Company sold 14,675,100 treasury shares in the open market for RM38,127,537. The average selling price for the shares sold was RM2.60 per share.

At the balance sheet date, the number of outstanding ordinary shares in issue after setting off treasury shares against equity is 1,480,815,407.

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

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

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

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 14 November 2007 from having to disclose the list of option holders and their holdings pursuant to Section 169(11) of the Companies Act, 1965 except for information of employees who were granted 500,000 options and above.

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

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

Directors' report (continued)
for the financial year ended 31 December 2007

Directors

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

Tan Sri Abu Talib Bin Othman
Robert Tan Chung Meng
Tan Boon Seng
Tan Boon Lee
Tan Lei Cheng
Pauline Tan Suat Ming
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman
Datuk Abdul Habib Bin Mansur
Tony Tan @ Choon Keat
Tan Kai Seng
Yeoh Chong Swee
Harun Bin Hashim Mohd (resigned on 31 May 2007)
Chua Seng Yong (alternate to Robert Tan Chung Meng)

In accordance with Article 85 of the Company's Articles of Association, Tan Sri Abu Talib Bin Othman, Robert Tan Chung Meng and Yeoh Chong Swee retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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

Directors' interests

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

In the Company	**Number of ordinary shares of RM0.50 each**			
	1 January	**Addition**	**Disposal**	**31 December**
Tan Sri Abu Talib Bin Othman				
Direct	1,385,000	0	0	**1,385,000**
Robert Tan Chung Meng				
Direct	3,915,562	0	0	**3,915,562**
Indirect	493,612,678	450,000	0	**494,062,678**
Tan Boon Seng				
Direct	0	1,000,000	(1,000,000)	**0**
Indirect	3,731,100	200,000	(3,778,225)	**152,875**
Tan Boon Lee				
Direct	2,895,574	0	0	**2,895,574**
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	560,316	0	0	**560,316**
Indirect	187,875	0	0	**187,875**
Tan Lei Cheng				
Direct	1,812,667	0	0	**1,812,667**
Indirect	1,690,137	0	0	**1,690,137**
Pauline Tan Suat Ming				
Direct	996,777	0	0	**996,777**
Indirect	493,612,678	450,000	0	**494,062,678**
Tony Tan @ Choon Keat				
Indirect	493,612,678	450,000	0	**494,062,678**

Directors' report (continued)

for the financial year ended 31 December 2007

Directors' interests (continued)

In the Company	Number of ordinary shares of RM0.50 each			
	1 January	**Addition**	**Disposal**	**31 December**
Tan Kai Seng				
Direct	89,000	3,750	0	**92,750**
Yeoh Chong Swee				
Indirect	121,500	0	(68,000)	**53,500**
Chua Seng Yong				
Direct	232	174	0	**406**

In the Company	Number of ICPS 2002/2007 (expired on 17 April 2007)			
	1 January	**Addition**	**Disposal Conversion**	**31 December**
Tan Kai Seng				
Direct	5,000	0	(5,000)	**0**
Chua Seng Yong				
Direct	232	0	(232)	**0**

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

In KrisAssets Holdings Berhad (subsidiary)	Number of ordinary shares of RM1.00 each			
	1 January	**Addition**	**Disposal**	**31 December**
Robert Tan Chung Meng				
Indirect	247,529,056	0	0	**247,529,056**
Tan Boon Lee				
Direct	1,100	0	0	**1,100**
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	29,864	0	0	**29,864**
Indirect	0	10,013	0	**10,013**
Pauline Tan Suat Ming				
Indirect	247,529,056	0	0	**247,529,056**
Tony Tan @ Choon Keat				
Indirect	247,529,056	0	0	**247,529,056**
Tan Kai Seng				
Direct	4,743	0	0	**4,743**
Chua Seng Yong				
Direct	1,424	0	0	**1,424**

In KrisAssets Holdings Berhad (subsidiary)	Number of warrants 2006/2011			
	1 January	**Addition**	**Disposal**	**31 December**
Tan Sri Abu Talib Bin Othman				
Direct	66	0	0	**66**
Robert Tan Chung Meng				
Direct	662,730	0	0	**662,730**
Indirect	86,216,077	0	0	**86,216,077**
Tan Boon Lee				
Direct	81,130	0	(81,130)	**0**
Tan Lei Cheng				
Direct	44,045	0	0	**44,045**
Indirect	39,916	0	0	**39,916**

Directors' report (continued)

for the financial year ended 31 December 2007

Directors' interests (continued)

In KrisAssets Holdings Berhad (subsidiary)	Number of warrants 2006/2011			
	1 January	Addition	Disposal	31 December
Pauline Tan Suat Ming				
Direct	16,268	0	0	**16,268**
Indirect	86,216,077	0	0	**86,216,077**
Tony Tan @ Choon Keat				
Indirect	86,216,077	0	0	**86,216,077**
Chua Seng Yong				
Direct	87	0	0	**87**

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

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

Directors' benefits

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

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

Statutory information on the financial statements

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

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

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

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

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

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

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

Directors' report (continued)

for the financial year ended 31 December 2007

Statutory information on the financial statements (continued)

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

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

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

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

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

In the opinion of the Directors:

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

(b) except as disclosed in note 41 to the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

Significant post balance sheet event

MiCasa Hotel Apartments, owned by TTD Sdn Bhd, a wholly-owned subsidiary of the Group, temporarily ceased its hotel operations on 1 January 2008 for the purpose of undergoing an extensive upgrading and refurbishment exercise for a period of approximately eighteen (18) months.

Auditors

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

Signed in accordance with a resolution of the Directors dated 28 April 2008.

Robert Tan Chung Meng
Managing Director

Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman
Director

Income statements

for the financial year ended 31 December 2007

		Group		Company	
		2007	2006	**2007**	2006
	Note	**RM '000**	RM '000	**RM '000**	RM '000
Revenue	5	**673,931**	718,961	**359,412**	98,135
Cost of sales		**(367,827)**	(395,068)	**(84,463)**	(38,210)
Gross profit		**306,104**	323,893	**274,949**	59,925
Other operating income		**54,539**	37,381	**21,151**	24,567
Administrative expenses		**(148,710)**	(127,490)	**(18,962)**	(43,625)
Other operating expenses		**(24,368)**	(51,681)	**(9,320)**	(16,750)
Profit from operations	6	**187,565**	182,103	**267,818**	24,117
Finance cost	8	**(41,891)**	(43,267)	**(4,554)**	(3,108)
Share of results of associates		**40,115**	55,626	**0**	0
Gain on disposal of an associate		**18,400**	7,566	**22,519**	0
Profit before tax		**204,189**	202,028	**285,783**	21,009
Tax expense	9	**(56,470)**	(57,361)	**(69,396)**	(16,002)
Profit for the financial year		**147,719**	144,667	**216,387**	5,007
Attributable to:					
Equity holders of the Company		**136,851**	135,915	**216,387**	5,007
Minority interests		**10,868**	8,752	**0**	0
Profit for the financial year		**147,719**	144,667	**216,387**	5,007
Earnings per ordinary share (sen)	10				
- Basic		**9.26**	9.35		
- Diluted		**9.25**	9.34		
Gross dividends per ordinary share (sen)	11	**2.50**	2.50	**2.50**	2.50
Gross dividends per Irredeemable Convertible Preference Share (sen)	11	**1.00**	1.00	**1.00**	1.00

Balance sheets
as at 31 December 2007

		Group		Company	
		2007	2006	**2007**	2006
	Note	**RM '000**	RM '000	**RM '000**	RM '000
Capital and reserves attributable to equity holders of the Company					
Share capital	12(a)	**744,862**	732,523	**744,862**	732,523
1% Irredeemable Convertible Preference Shares	12(c)	**0**	28,340	**0**	28,340
Share premium		**426,974**	386,723	**426,974**	386,723
Revaluation and other reserves	13	**266,233**	239,519	**0**	0
Treasury shares	12(b)	**(17,094)**	(20,066)	**(17,094)**	(20,066)
Retained earnings	14	**1,218,626**	1,110,564	**1,350,793**	1,171,769
		2,639,601	2,477,603	**2,505,535**	2,299,289
Minority interests		**89,384**	90,479	**0**	0
Total equity		**2,728,985**	2,568,082	**2,505,535**	2,299,289
Represented by:					
Non-current assets					
Property, plant and equipment	17	**949,496**	1,150,946	**4,601**	3,264
Land held for property development	18(a)	**265,211**	212,333	**6,552**	6,403
Investment properties	19	**1,235,097**	606,202	**0**	0
Long term prepaid lease	20	**216,840**	118,385	**0**	0
Subsidiaries	21	**0**	0	**1,795,018**	1,834,018
Associates	22	**574,734**	572,329	**128,760**	161,095
Other investments	23	**6,846**	8,755	**2,062**	2,062
Deferred tax assets	16	**3,674**	2,310	**520**	520
		3,251,898	2,671,260	**1,937,513**	2,007,362
Current assets					
Property development costs	18(b)	**148,344**	191,788	**5,012**	20,728
Inventories	24	**66,576**	87,383	**34,235**	37,348
Marketable securities	25	**73,534**	4,543	**60,881**	4,543
Trade and other receivables	26	**200,587**	186,754	**68,828**	37,022
Amounts owing by subsidiaries	27	**0**	0	**963,375**	663,182
Amounts owing by associates	28	**122,933**	118,978	**94,545**	93,179
Amount owing by a jointly controlled entity	32	**18,208**	10,837	**0**	0
Tax recoverable		**5,633**	14,981	**0**	0
Deposits with licensed banks	29	**335,247**	440,512	**175,699**	139,575
Cash and bank balances	29	**119,136**	114,679	**18,033**	22,276
		1,090,198	1,170,455	**1,420,608**	1,017,853
Non-current assets held for sale	30	**0**	19,999	**0**	0
		1,090,198	1,190,454	**1,420,608**	1,017,853

Balance sheets (continued)
as at 31 December 2007

		Group		Company	
		2007	2006	**2007**	2006
	Note	**RM '000**	RM '000	**RM '000**	RM '000
Less: Current liabilities					
Trade and other payables	31	**589,046**	405,891	**25,908**	20,538
Amounts owing to subsidiaries	27	**0**	0	**670,781**	649,650
Amounts owing to associates	28	**27,582**	28,739	**0**	1,469
Borrowings:	15				
- Bank overdrafts		**1,149**	0	**1,149**	0
- Others		**330,988**	129,326	**100,000**	0
Tax		**25,606**	25,743	**4,748**	4,269
		974,371	589,699	**802,586**	675,926
Net current assets		**115,827**	600,755	**618,022**	341,927
Less: Non-current liabilities					
Borrowings – others	15	**545,383**	604,854	**50,000**	50,000
Deferred tax liabilities	16	**93,357**	99,079	**0**	0
		638,740	703,933	**50,000**	50,000
		2,728,985	2,568,082	**2,505,535**	2,299,289

Consolidated statement of changes in equity

for the financial year ended 31 December 2007

		Attributable to equity holders of the Company											
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares		1% Irredeemable Convertible Preference Shares of RM1.00 each							
Group	Note	Number of shares '000	Nominal value RM'000	Number of shares '000	RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation and other reserves (note 13) RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 January 2007		**1,465,046**	**732,523**	**(17,330)**	**(20,066)**	**28,340**	**28,340**	**386,723**	**239,519**	**1,110,564**	**2,477,603**	**90,479**	**2,568,082**
Acquisition of additional interests in subsidiaries		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(11)**	**(11)**
Share buy back		**0**	**0**	**(6,254)**	**(14,020)**	**0**	**0**	**0**	**0**	**0**	**(14,020)**	**0**	**(14,020)**
Issue of shares:													
- ICPS 2002/2007	12(c)	**21,255**	**10,627**	**0**	**0**	**(28,340)**	**(28,340)**	**17,713**	**0**	**0**	**0**	**0**	**0**
- Employees' share options	12(d)	**3,423**	**1,712**	**0**	**0**	**0**	**0**	**1,528**	**0**	**0**	**3,240**	**0**	**3,240**
- Redeemable cumulative non-voting preference shares to minority interests in a subsidiary		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**857**	**857**
Disposal of treasury shares		**0**	**0**	**14,675**	**16,992**	**0**	**0**	**21,010**	**0**	**0**	**38,002**	**0**	**38,002**
Redemption of ICULS from MI		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(2,000)**	**(2,000)**

Consolidated statement of changes in equity (continued)

for the financial year ended 31 December 2007

Group	Note	Issued and fully paid ordinary shares of RM0.50 each: Number of shares '000	Issued and fully paid ordinary shares of RM0.50 each: Nominal value RM'000	Treasury shares: Number of shares '000	Treasury shares: RM'000	1% Irredeemable Convertible Preference Shares of RM1.00 each: Number of shares '000	1% Irredeemable Convertible Preference Shares of RM1.00 each: Nominal value RM'000	Share premium RM'000	Revaluation and other reserves (note 13) RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		Attributable to equity holders of the Company											
Currency translation differences		0	0	0	0	0	0	0	(9,501)	0	(9,501)	467	(9,034)
Share of revaluation surplus of an associate		0	0	0	0	0	0	0	39,357	0	39,357	0	39,357
Surplus on revaluation of property, plant and equipment, net of tax		0	0	0	0	0	0	0	4,359	0	4,359	0	4,359
Creation of a capital redemption reserve by a subsidiary		0	0	0	0	0	0	0	43	(43)	0	0	0
Depreciation of revaluation surplus on property, plant and equipment, net of tax		0	0	0	0	0	0	0	(909)	909	0	0	0
Liquidation of a foreign subsidiary		0	0	0	0	0	0	0	(6,635)	7,708	1,073	0	1,073
Income and expense recognised directly in equity		0	0	0	0	0	0	0	26,714	8,574	35,288	467	35,755
Profit for the financial year		0	0	0	0	0	0	0	0	136,851	136,851	10,868	147,719
Total recognised income and expenses for the financial year		0	0	0	0	0	0	0	26,714	145,425	172,139	11,335	183,474
Dividends:													
- Ordinary shares	11	0	0	0	0	0	0	0	0	(37,168)	(37,168)	(11,276)	(48,444)
- ICPS	11	0	0	0	0	0	0	0	0	(195)	(195)	0	(195)
At 31 December 2007		1,489,724	744,862	(8,909)	(17,094)	0	0	426,974	266,233	1,218,626	2,639,601	89,384	2,728,985

Consolidated statement of changes in equity

for the financial year ended 31 December 2006

Group	Note	Issued and fully paid ordinary shares of RM0.50 each — Number of shares '000	Issued and fully paid ordinary shares of RM0.50 each — Nominal value RM'000	Treasury shares — Number of shares '000	Treasury shares — RM'000	1% Irredeemable Convertible Preference Shares of RM1.00 each — Number of shares '000	1% Irredeemable Convertible Preference Shares of RM1.00 each — Nominal value RM'000	Share premium RM'000	Revaluation and other reserves (note 13) RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		Attributable to equity holders of the Company											
At 1 January 2006		1,460,555	730,277	(15,300)	(17,412)	32,531	32,531	383,497	248,065	1,005,428	2,382,386	88,638	2,471,024
Acquisition of additional interests in a subsidiary		0	0	0	0	0	0	0	0	0	0	(547)	(547)
Rights issue of warrants by a subsidiary		0	0	0	0	0	0	0	0	0	0	1,076	1,076
Share buy back		0	0	(2,030)	(2,654)	0	0	0	0	0	(2,654)	0	(2,654)
Issue of shares:													
- ICPS 2002/2007	12(c)	3,143	1,572	0	0	(4,191)	(4,191)	2,619	0	0	0	0	0
- Employees' share options	12(d)	1,348	674	0	0	0	0	607	0	0	1,281	0	1,281
- Redeemable cumulative non-voting preference shares to minority interests in a subsidiary		0	0	0	0	0	0	0	0	0	0	924	924
- Disposal of ordinary shares in a subsidiary		0	0	0	0	0	0	0	0	0	0	11	11

Consolidated statement of changes in equity (continued)

for the financial year ended 31 December 2006

		Attributable to equity holders of the Company											
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares		1% Irredeemable Convertible Preference Shares of RM1.00 each							
Group	Note	Number of shares '000	Nominal value RM'000	Number of shares '000	RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation and other reserves (note 13) RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Currency translation differences		0	0	0	0	0	0	0	714	0	714	575	1,289
Deficit on revaluation of property, plant & equipment, net of tax	17	0	0	0	0	0	0	0	(8,718)	0	(8,718)	0	(8,718)
Creation of a capital redemption reserve by a subsidiary		0	0	0	0	0	0	0	200	(200)	0	0	0
Depreciation of revaluation surplus on property, plant and equipment, net of tax		0	0	0	0	0	0	0	(742)	742	0	0	0
Income and expenses recognized directly in equity		0	0	0	0	0	0	0	(8,546)	542	(8,004)	575	(7,429)
Profit for the financial year		0	0	0	0	0	0	0	0	135,915	135,915	8,752	144,667
Total recognised income and expenses for the financial year		0	0	0	0	0	0	0	(8,546)	136,457	127,911	9,327	137,238
Dividends:													
- Ordinary shares	11	0	0	0	0	0	0	0	0	(31,102)	(31,102)	(8,950)	(40,052)
- ICPS	11	0	0	0	0	0	0	0	0	(219)	(219)	0	(219)
At 31 December 2006		1,465,046	732,523	(17,330)	(20,066)	28,340	28,340	386,723	239,519	1,110,564	2,477,603	90,479	2,568,082

Company statement of changes in equity

for the financial year ended 31 December 2007

Company	Note	Issued and fully paid ordinary shares of RM0.50 each		Treasury shares		1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable	Distributable	
		Number of shares '000	Nominal value RM'000	Number of shares '000	RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2007		1,465,046	732,523	(17,330)	(20,066)	28,340	28,340	386,723	1,171,769	2,299,289
Profit for the financial year		0	0	0	0	0	0	0	216,387	216,387
Share buy back		0	0	(6,254)	(14,020)	0	0	0	0	(14,020)
Disposal of treasury shares		0	0	14,675	16,992	0	0	21,010	0	38,002
Issue of shares:										
- ICPS 2002/2007	12(c)	21,255	10,627	0	0	(28,340)	(28,340)	17,713	0	0
- Employees' share options	12(d)	3,423	1,712	0	0	0	0	1,528	0	3,240
Dividends:										
- Ordinary shares	11	0	0	0	0	0	0	0	(37,168)	(37,168)
- ICPS	11	0	0	0	0	0	0	0	(195)	(195)
At 31 December 2007		1,489,724	744,862	(8,909)	(17,094)	0	0	426,974	1,350,793	2,505,535

Company statement of changes in equity

for the financial year ended 31 December 2006

Company	Note	Issued and fully paid ordinary shares of RM0.50 each		Treasury shares		1% Irredeemable Convertible Preference Shares of RM1.00 each		Non-distributable		Distributable	
		Number of shares '000	Nominal value RM'000	Number of shares '000	RM'000	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2006		1,460,555	730,277	(15,300)	(17,412)	32,531	32,531	383,497	29,258	1,198,083	2,356,234
Profit for the financial year		0	0	0	0	0	0	0	0	5,007	5,007
Share buy back		0	0	(2,030)	(2,654)	0	0	0	0	0	(2,654)
Issue of shares:											
- ICPS 2002/2007	12(c)	3,143	1,572	0	0	(4,191)	(4,191)	2,619	0	0	0
- Employees' share options	12(d)	1,348	674	0	0	0	0	607	0	0	1,281
Reversal of revaluation surplus on investment in an associate		0	0	0	0	0	0	0	(29,258)	0	(29,258)
Dividends:											
- Ordinary shares	11	0	0	0	0	0	0	0	0	(31,102)	(31,102)
- ICPS	11	0	0	0	0	0	0	0	0	(219)	(219)
At 31 December 2006		1,465,046	732,523	(17,330)	(20,066)	28,340	28,340	386,723	0	1,171,769	2,299,289

Cash flow statements

for the financial year ended 31 December 2007

	Note	Group 2007 RM '000	Group 2006 RM '000	Company 2007 RM '000	Company 2006 RM '000
Operating activities					
Receipts from customers		**672,474**	733,771	**92,930**	24,835
Payment to contractors, suppliers and employees		**(221,269)**	(290,971)	**(87,775)**	(44,603)
Cash flow from/(used in) operations		**451,205**	442,800	**5,155**	(19,768)
Interest paid		**(41,230)**	(41,953)	**(3,932)**	(3,108)
Income taxes paid		**(54,345)**	(64,828)	**(1,727)**	(2,124)
Net cash generated from/(used in) operating activities		**355,630**	336,019	**(504)**	(25,000)
Investing activities					
Acquisition of additional interests in subsidiaries	37	**(11)**	(489)	**0**	0
Proceeds from disposal of an associate		**21,200**	0	**0**	0
Proceeds from capital distribution in an associate		**0**	4,200	**0**	0
Proceeds from redemption of preference shares		**3,600**	4,688	**43,000**	0
Proceeds from disposal of subsidiaries	38	**2,036**	0	**0**	0
Interest received		**16,723**	20,525	**8,960**	8,246
Additions to property, plant and equipment, investment properties, long term prepaid lease and land held for property development		**(657,953)**	(327,670)	**(2,328)**	(730)
Proceeds from sale of property, plant and equipment		**4,562**	35	**0**	0
Acquisition of an associate		**0**	(50)	**0**	0
Subscription of additional shares in an associate		**0**	(188)	**0**	0
Acquisition of warrants in a subsidiary		**0**	0	**0**	(4,998)
Subscription of additional shares in subsidiaries		**0**	0	**(4,000)**	(40,277)
Dividends received from subsidiaries		**0**	0	**19,832**	42,840
Dividends received from associates		**20,981**	3,512	**20,590**	610
Dividends received from other investments		**0**	46	**0**	0
Repayments from subsidiaries		**0**	0	**102,858**	205,690
Repayments to subsidiaries		**0**	0	**(437)**	(5,704)
Advances from subsidiaries		**0**	0	**101,530**	43,059
Advances to subsidiaries		**0**	0	**(343,600)**	(293,796)
Repayments from associates		**45**	292	**45**	20
Advances from associates		**20**	1,127	**0**	0
Advances to associates		**(2,632)**	(617)	**(1,411)**	(321)
Return of capital from an associate		**15,557**	0	**0**	0
Advances to jointly controlled entity		**(7,371)**	(4,055)	**0**	0
Net cash used in investing activities		**(583,243)**	(298,644)	**(54,961)**	(45,361)

Cash flow statements (continued)

for the financial year ended 31 December 2007

		Group		Company	
		2007	2006	**2007**	2006
	Note	**RM '000**	RM '000	**RM '000**	RM '000
Financing activities					
Proceeds from issuance of shares		**3,240**	1,281	**3,240**	1,281
Repayments of borrowings		**(58,184)**	(59,148)	**0**	0
Proceeds from borrowings		**200,000**	32,700	**100,000**	0
Purchase of treasury shares		**(13,971)**	(11,036)	**(13,971)**	(11,036)
Proceeds from disposal of treasury shares		**38,128**	0	**38,128**	0
Dividends paid		**(37,363)**	(31,321)	**(37,363)**	(31,321)
Net cash generated from/(used in) financing activities		**131,850**	(67,524)	**90,034**	(41,076)
Foreign currencies exchange difference on opening balances		**(6,194)**	(8,388)	**(3,837)**	(5,855)
Net (decrease)/increase in cash and cash equivalents during the financial year		**(101,957)**	(38,537)	**30,732**	(117,292)
Cash and cash equivalents at beginning of financial year		**555,191**	593,728	**161,851**	279,143
Cash and cash equivalents at end of financial year	29	**453,234**	555,191	**192,583**	161,851

Notes to the financial statements

for the financial year ended 31 December 2007

1. General information

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

As at 31 December 2007, all monetary assets and liabilities of the Group and Company are denominated in Ringgit Malaysia except otherwise stated.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

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

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

The new accounting standards, amendments to published standards and interpretations to existing standards effective for the Group's financial year beginning on or after 1 January 2007 are as follows:

- FRS 117 Leases
- FRS 124 Related Party Disclosures

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards, amendments to published standards and interpretations.

A summary of the impact of the new accounting standard, FRS 117 on the financial statements of the Group is set out in Note 40.

The adoption of FRS 124 did not have a material impact on the financial statements of the Group and Company. Disclosure requirements under the standard have been adopted retrospectively.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

The new accounting standards, amendments to published standards and interpretations that are mandatory for the Group's financial year beginning on or after 1 January 2007 but not applicable to the Group's operations are as follows:

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

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

- TR i-1 Accounting for Zakat on Business *(effective for accounting periods beginning on or after 1 July 2006)*. This Technical Release prescribes the accounting treatment and presentation for zakat on business in the financial statements of entities that pay zakat.

- TR i-2 Ijarah *(effective for accounting periods beginning on or after 1 July 2006)*. This Technical Release provides guidance on the application of MASB approved accounting standards to transactions and events based on Ijarah.

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

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

- FRS 112 - Income Taxes *(effective for accounting periods beginning on or after 1 July 2007)*. This revised standard removes the requirements that prohibit recognition of deferred tax on unutilised reinvestment allowances or other allowances in excess of capital allowances. The Group will apply this standard from financial periods beginning on 1 January 2008. The Group will adopt the tax base method which has no impact to the financial statements of the Group and Company upon initial application of this revised standard.

- Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operations *(effective for accounting periods beginning on or after 1 July 2007)*. This amendment requires exchange differences on monetary items that form part of the net investment in a foreign operation to be recognised in equity instead of in profit or loss regardless of the currency in which these items are denominated in. The Group will apply this amendment from financial periods beginning on 1 January 2008. There is no significant impact to the financial statements of the Group and Company upon initial application of this revised standard.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. **Summary of significant accounting policies (continued)**

2.1 Basis of preparation (continued)

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

- Other revised standards *(effective for accounting periods beginning on or after 1 July 2007)* that have no significant changes compared to the original standards:

  - FRS 107 Cash Flow Statements
  - FRS 111 Construction Contracts
  - FRS 118 Revenue
  - FRS 137 Provisions, Contingent Liabilities and Contingent Assets.

The Group will apply these standards from financial periods beginning on 1 January 2008.

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). The Group will apply this standard when effective. The Group has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and Company.

(d) Standards, amendments to published standards and interpretations to existing standards that are not applicable to the Group and are not yet effective

- FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance *(effective for accounting periods beginning on or after 1 July 2007)*. This revised standard allows the alternative treatment of recording non-monetary government grant at nominal amount on initial recognition.

- IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities *(effective for accounting periods beginning on or after 1 July 2007)*. This interpretation deals with changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate.

- IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments *(effective for accounting periods beginning on or after 1 July 2007)*. This interpretation deals with liability or equity classification of financial instruments which give the holder the right to request redemption, but subject to limits on whether it will be redeemed.

- IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds *(effective for accounting periods beginning on or after 1 July 2007)*. This interpretation deals with accounting by a contributor for its interests arising from decommissioning funds.

- IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment *(effective for accounting periods beginning on or after 1 July 2007)*. This interpretation provides guidance on the recognition, in the financial statements of producers, of liabilities for waste management under the European Union Directive in respect of sales of historical household equipment.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Standards, amendments to published standards and interpretations to existing standards that are not applicable to the Group and are not yet effective (continued)

- IC Interpretation 7 - Applying the Restatement Approach under FRS 129 (2004) Financial Reporting in Hyperinflationary Economies *(effective for accounting periods beginning on or after 1 July 2007)*. This interpretation provides guidance on how to apply the requirement of FRS 129 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period.

- IC Interpretation 8 - Scope of FRS 2 *(effective for accounting periods beginning on or after 1 July 2007)*. This interpretation clarifies that FRS 2 Share-based Payment applies even in the absence of specifically identifiable goods or services.

2.2 Economic entities in the Group

(a) Subsidiaries

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

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

Subsidiaries are consolidated using the purchase method of accounting.

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

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

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

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(a) Subsidiaries (continued)

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

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

(b) Transactions with minority interests

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

(c) Jointly controlled entity

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

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

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

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(d) Associates

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

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

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

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

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

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

2.3 Property, plant and equipment

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

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

2.4 Investment properties

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

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.4 Investment properties (continued)

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

	%
• Buildings	2
• Plant and machinery	10 – 20

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

2.5 Goodwill

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

Goodwill on acquisition of subsidiaries occurring prior to 1 January 2006 is set off against reserve in the period of acquisition. Goodwill on acquisitions of subsidiaries occurring on or after 1 January 2007 are included in the balance sheet as intangible asset whereas the reserve on consolidation is recognised immediately in the income statement.

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

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

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

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

2.6 Investments

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

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.6 Investments (continued)

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

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

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

2.7 Impairment of assets

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

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

2.8 Leases

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

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

2.9 Prepaid lease assets

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

2.10 Inventories

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

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

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.11 Construction contracts

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

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

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

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

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

2.12 Property development activities

(a) Land held for property development

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

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

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

(b) Property development costs

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

Notes to the financial statements (continued)
for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.12 Property development activities (continued)

(b) Property development costs

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

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

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

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

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

2.13 Trade receivables

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

2.14 Cash and cash equivalents

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

2.15 Share capital

(a) Classification

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

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.15 Share capital (continued)

(b) Share issue costs

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

(c) Dividends to shareholders of the Company

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

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

(d) Purchase of own shares

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

2.16 Borrowings

(a) Classification

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

(b) Capitalisation of borrowing cost

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

2.17 Tax

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

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.17 Tax (continued)

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

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

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

2.18 Employee benefits

(a) Short term employee benefits

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

(b) Equity compensation benefits

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

(c) Defined contribution plans

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

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

2.19 Provisions

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

2.20 Contingent liabilities and contingent assets

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

Notes to the financial statements (continued)
for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.20 Contingent liabilities and contingent assets (continued)

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

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

2.21 Revenue recognition

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

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

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

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

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

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

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

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

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

2.22 Foreign currencies

(a) Functional and presentation currency

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.22 Foreign currencies (continued)

(b) Transactions and balances

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

(c) Group companies

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

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

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

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

2.23 Financial instruments

(a) Description

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

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

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

(b) Financial instruments recognised on the balance sheet

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

2. Summary of significant accounting policies (continued)

2.23 Financial instruments (continued)

(c) Fair value estimation for disclosure purposes

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

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

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

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

2.24 Segment reporting

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

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other third parties.

3. Financial risk management objectives and policies

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

(a) Foreign currency exchange risk

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

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

(b) Interest rate risk

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

3. Financial risk management objectives and policies (continued)

(c) Market risk

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

(d) Credit risk

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

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

(e) Liquidity and cash flow risk

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

4. Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

(i) Valuation of hotel properties

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

4. Critical accounting estimates and judgements (continued)

4.1 Critical accounting estimates and assumptions (continued)

(ii) Impairment of assets

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

(iii) Income taxes

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

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

(iv) Recognition of revenue from property development

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

4.2 Critical judgement in applying the accounting policies

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

5. Revenue

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Investment income	**4,751**	46	**248,852**	50,375
Rental income from investment properties	**241,019**	188,420	**0**	0
Other rental and rent related income	**22,694**	21,580	**2,655**	2,494
Sale of properties	**17,979**	0	**0**	0
Property development revenue	**234,501**	370,197	**107,905**	45,266
Hotel room revenue	**109,772**	92,744	**0**	0
Sale of food, beverages and other goods	**36,583**	27,941	**0**	0
Rendering of services	**6,632**	18,033	**0**	0
	673,931	718,961	**359,412**	98,135

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

6. Profit from operations

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Profit from operations is stated after charging:				
Allowance for doubtful debts:				
- Trade and other receivables	**5,114**	5,569	**0**	5,248
- Subsidiaries	**0**	0	**0**	21,841
Auditors' remuneration:				
- Current financial year	**525**	484	**127**	127
- Other fees	**0**	30	**26**	17
Bad debts written off	**54**	28	**5**	28
Depreciation:				
- property, plant and equipment	**29,718**	22,850	**991**	579
- investment properties	**35,284**	27,233	**0**	0
- leasehold land	**1,418**	0	**0**	0
Hire of plant and equipment	**1,300**	505	**0**	0
Operating lease rental	**762**	762	**0**	0
Impairment losses:				
- Associates	**0**	18,544	**718**	7,988
- Marketable securities	**0**	1,099	**0**	1,099
- Other investments	**1,909**	7,055	**0**	1,838
- Property, plant and equipment	**7,020**	7,000	**0**	0
- Land held for property development	**800**	6,795	**0**	0
Loss on disposal of property, plant and equipment	**4**	1	**0**	0
Non-audit fees	**134**	262	**16**	30
Rental of buildings	**3,891**	3,602	**1,075**	986
Staff cost (includes Directors' remuneration as disclosed in note 7 but excludes defined contribution plan)	**71,942**	62,039	**13,782**	11,686
Defined contribution plan	**7,207**	6,686	**1,700**	1,510
Foreign exchange loss	**11,480**	8,595	**5,541**	5,824
Write off of property, plant and equipment	**1,674**	50	**0**	0
Provision for liquidated damages	**2,310**	0	**2,310**	0
Provision for severance payment	**3,411**	0	**0**	0
and crediting:				
Bad debts recovered	**427**	183	**0**	0
Dividends (gross) from:				
- Quoted subsidiary in Malaysia	**0**	0	**28,466**	47,028
- Unquoted subsidiaries in Malaysia	0	0	**192,180**	2,500
- Quoted associate in Malaysia	**0**	0	**706**	847
- Unquoted associates in Malaysia	**0**	46	**27,500**	0
Interest income:				
- Subsidiaries	**0**	0	**2,374**	8,879
- Others	**16,723**	20,525	**6,586**	8,246
Profit on disposal of property, plant and equipment	**1,210**	13	**0**	0
Foreign exchange gain	**1,717**	1,305	**0**	0
Rental income	**1,634**	825	**0**	0
Negative goodwill recognised	**0**	58	**0**	0
Reversal of impairment loss				
- marketable securities	**1,484**	0	**1,484**	0
- investment in associate	**37,161**	0	**6,506**	0
- inventories	**55**	0	**0**	0
Reversal of amortization of investment in an associate	**6,332**	0	**0**	0

Notes to the financial statements (continued)
for the financial year ended 31 December 2007

6. Profit from operations (continued)

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM89,412,000 (2006: RM49,830,000).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to nil (2006: nil).

7. Directors' remuneration

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Fees:				
- Directors of the Company	**240**	192	**240**	192
- Directors of subsidiaries	**140**	140	**0**	0
Other emoluments:				
- Directors of the Company	**2,647**	2,349	**2,647**	2,349
- Directors of subsidiaries	**1,869**	2,579	**0**	0
Defined contribution plan	**472**	523	**289**	261
Benefits-in-kind	**367**	108	**203**	53
	5,735	5,891	**3,379**	2,855

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

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

			Number of ordinary shares of RM0.50 each				
Grant date	**Expiry date**	**Exercise price RM/share**	**At 1 January '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**At 31 December '000**
2007							
15.8.2003	**24.6.2008**	**0.93**	**1,000**	**0**	**(1,000)**	**0**	**0**
		Total	**1,000**	**0**	**(1,000)**	**0**	**0**
2006							
15.8.2003	24.6.2008	0.93	1,000	0	0	0	1,000
		Total	1,000	0	0	0	1,000

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

Exercise date	**Fair value of shares at share issue date RM/share**	**Exercise price RM/share**	Number of shares	
			2007 '000	2006 '000
31.1.2007 – 7.2.2007	2.27 to 2.29	0.93	**1,000**	0

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

7. Directors' remuneration (continued)

	2007 RM'000	2006 RM'000
Ordinary share capital – at par	**500**	0
Share premium	**430**	0
Proceeds received on exercise of share options	**930**	0
Fair value	**2,280**	0

8. Finance cost

	Group		Company	
	2007 RM '000	2006 RM '000	**2007 RM '000**	2006 RM '000
Interest expense on borrowings	**38,896**	38,812	**4,554**	3,108
Accretion of discount on bonds	**1,254**	1,254	**0**	0
Other financing costs	**1,741**	3,201	**0**	0
	41,891	43,267	**4,554**	3,108

9. Tax expense

	Group		Company	
	2007 RM '000	2006 RM '000	**2007 RM '000**	2006 RM '000
Current tax:				
- Malaysian tax	**63,516**	65,486	**69,396**	16,002
- foreign tax	**40**	52	**0**	0
Deferred tax (note 16)	**(7,086)**	(8,177)	**0**	0
	56,470	57,361	**69,396**	16,002
Current tax				
Current financial year	**67,194**	67,067	**69,818**	16,078
Over accrual in prior financial years	**(3,638)**	(1,529)	**(422)**	(76)
Deferred tax				
Origination and reversal of temporary differences	**(1,216)**	(5,385)	**0**	0
Change in tax rate	**(5,870)**	(2,792)	**0**	0
	56,470	57,361	**69,396**	16,002

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

9. Tax expense (continued)

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

	Group		Company	
	2007	2006	**2007**	2006
	%	%	**%**	%
Numerical reconciliation between the average effective tax rate and the Malaysian income tax rate				
Malaysian income tax rate	**27**	28	**27**	28
- Tax effects of :				
- share of results of jointly controlled operations and associates	**(5)**	(9)	**0**	0
- expenses not deductible for tax purposes	**21**	20	**1**	61
- income not subject to tax	**(11)**	(7)	**(4)**	(13)
- current financial year's tax loss not recognised	**1**	1	**0**	0
- previously unrecognised tax losses	**(1)**	(2)	**0**	0
- tax incentives	**(2)**	(1)	**0**	0
- overaccrual in prior financial years	**(2)**	(2)	**0**	0
Average effective tax rate	**28**	28	**24**	76

Tax savings of the Group during the financial year due to the recognition of previously unrecognised tax losses amounted to RM1,275,291 (2006: RM5,066,714).

10. Earnings per ordinary share

(a) Basic earnings per ordinary share

Basic earnings per ordinary share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding ordinary shares purchased by the Company and held as treasury shares (note 12(b)) and assuming the ICPS 2002/2007 have been converted into ordinary shares (note 12(c)).

	2007	2006
Profit attributable to the equity holders of the Company (RM'000)	**136,851**	135,915
ICPS 2002/2007 dividends (RM'000)	**0**	(219)
Profit adjusted for ICPS 2002/2007 dividend (RM'000)	**136,851**	135,696
Weighted average number of ordinary shares in issue ('000)	**1,477,106**	1,450,578
Basic earnings per ordinary share (sen)	**9.26**	9.35

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

10. Earnings per ordinary share (continued)

(b) Diluted earnings per ordinary share

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

	2007	2006
Profit for the financial year adjusted for ICPS 2002/2007 dividends(RM'000)	**136,851**	136,696
Weighted average number of ordinary shares in issue ('000)	**1,477,106**	1,450,578
Adjustments for share options ('000)	**1,465**	1,355
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	**1,478,571**	1,451,933
Diluted earnings per ordinary share (sen)	**9.25**	9.34

11. Dividends

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

	Group and Company			
	2007		2006	
	Gross dividend per share Sen	**Amount of dividend, net of tax RM'000**	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
Ordinary shares				
Paid final dividend 5.0% tax exempt for financial year 2006 (2006: final dividend of 2.5% less tax at and 2.5% tax exempt for financial year 2005)	**2.50**	**37,168**	2.50	31,102
ICPS 2002/2007				
Paid final dividend of 1% less tax for financial year 2006 (2006 : 1% less tax for financial year 2005)	**1.00**	**195**	1.00	219
Dividend per share recognised as distribution to ordinary equity holders of the Company	**2.50**	**37,168**	2.50	31,102

In respect of the financial year ended 31 December 2007, an interim dividend of 2.5% less tax and 2.5% tax exempt amounting to RM32,208,000 was declared on 28 February 2008 and will be paid on 23 May 2008.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

12. Share capital

	Group and Company 2007 RM'000	2006 RM'000
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January/31 December	**1,000,000**	1,000,000
1% Irredeemable Convertible Preference Shares of RM1.00 each:		
Authorised		
At 1 January/31 December	**200,000**	200,000

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

During the financial year, the Company's issued and fully paid-up share capital was increased from RM732,523,126 to RM744,862,004 by way of the following issue of shares:

Issue of shares	No. of shares '000	Nominal value RM'000
Exercise of ICPS 2002/2007	**21,255**	**10,627**
Exercise of ESOS (exercise prices RM0.93 – RM1.05)	**3,423**	**1,712**
	24,678	**12,339**

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

(b) Treasury shares

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 31 May 2007, renewed the approval of the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 6,253,900 of its own shares as follows:

2007 Monthly breakdown	No. of shares purchased	Purchase price per share RM		Average cost per share RM	Total cost RM
		Lowest	Highest		
June	10,000	2.82	2.82	2.820	28,200
August	5,076,400	2.13	2.49	2.310	11,512,021
November	100,000	2.13	2.13	2.130	213,000
December	1,067,500	2.04	2.35	2.195	2,217,800
Total	**6,253,900**			**2.234**	**13,971,021**

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

12. Share capital (continued)

(b) Treasury shares (continued)

During the financial year, the Company sold 14,675,100 treasury shares in the open market as follows:

2007 Monthly breakdown	No. of shares sold	Resale price per share RM		Average cost per share RM	Total consideration received RM
		Lowest	Highest		
January	1,700,000	2.27	2.28	2.275	3,861,505
February	4,750,000	2.28	2.39	2.335	11,088,512
March	1,417,500	2.46	2.53	2.495	3,530,477
April	3,107,600	2.62	2.86	2.740	8,541,043
May	3,700,000	2.89	3.18	3.035	11,106,000
Total	**14,675,100**			**2.598**	**38,127,537**

At 31 December 2007, a total of 8,908,600 ordinary shares were held as treasury shares.

As at the balance sheet date, the number of outstanding shares in issue after setting off treasury shares against equity is 1,480,815,407.

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

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

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

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

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

(iv) During the financial year, the Company's outstanding ICPS 2002/2007 of RM28,339,683 were fully converted to ordinary shares:

	No of shares '000	Nominal value RM'000
Conversion of ICPS 2002/2007	28,340	28,340

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

12. Share capital (continued)

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

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

The salient features of the ESOS are as follows:

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

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

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

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

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

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

			No. of shares				
Grant date	**Expiry date**	**Exercise price RM/share**	**At 1 January '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**At 31 December '000**
2007							
15.8.2003	**24.6.2008**	**0.93**	**3,700**	**0**	**(2,953)**	**(46)**	**701**
10.6.2004	**24.6.2008**	**1.05**	**630**	**0**	**(470)**	**(95)**	**65**
		Total	**4,330**	**0**	**(3,423)**	**(141)**	**766**
2006							
15.8.2003	24.6.2008	0.93	4,869	0	(1,127)	(48)	3,694
10.6.2004	24.6.2008	1.05	903	0	(221)	(52)	630
		Total	5,772	0	(1,348)	(100)	4,324

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

12. Share capital (continued)

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

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

Exercise date	Fair value of shares at share issue date RM/share			Exercise price RM/share	No. of shares issued 2007 '000	No. of shares issued 2006 '000
31.1.07 – 7.2.07	**2.27**	**to**	**2.29**	**0.93**	**1,708**	0
31.1.07 – 7.2.07	**2.27**	**to**	**2.29**	**1.05**	**407**	0
30.4.07 – 8.5.07	**2.85**	**to**	**3.12**	**0.93**	**940**	0
30.4.07 – 8.5.07	**2.85**	**to**	**3.12**	**1.05**	**27**	0
31.7.07 – 6.8.07	**2.34**	**to**	**2.67**	**0.93**	**77**	0
31.7.07 – 6.8.07	**2.34**	**to**	**2.67**	**1.05**	**16**	0
31.10.07 – 6.11.07	**2.46**	**to**	**2.58**	**0.93**	**228**	0
31.10.07 – 6.11.07	**2.46**	**to**	**2.58**	**1.05**	**20**	0
2.5.06 – 8.5.06	1.45	to	1.49	0.93	**0**	858
2.5.06 – 8.5.06	1.45	to	1.49	1.05	**0**	76
31.7.06 – 4.8.06	1.31	to	1.36	0.93	**0**	137
31.7.06 – 4.8.06	1.31	to	1.36	1.05	**0**	108
31.10.06 – 6.11.06	1.50	to	1.63	0.93	**0**	132
31.10.06 – 6.11.06	1.50	to	1.63	1.05	**0**	37
					3,423	1,348

	2007 RM'000	2006 RM'000
Ordinary share capital – at par	**1,712**	674
Share premium	**1,528**	607
Proceeds received on exercise of share options	**3,240**	1,281
Fair value at exercise date of shares issued	**8,567**	1,966

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

13. Revaluation and other reserves

Group

The revaluation and other reserves comprise:

	Surplus on revaluation of properties RM'000	Share of revaluation reserves in an associate RM'000	Capital distribution in -specie of KrisAssets shares RM'000	Exchange fluctuation reserve RM'000	Capitalisation of revenue reserves in an associate RM'000	Goodwill arising on consolidation RM'000	Capital redemption reserve RM'000	Total RM'000
2007								
At 1 January	**81,266**	**29,258**	**183,019**	**15,893**	**686**	**(70,803)**	**200**	**239,519**
Surplus on revaluation of property, plant and equipment, net of tax	**4,359**	**39,357**	**0**	**0**	**0**	**0**	**0**	**43,716**
Currency translation differences arising in the financial year	**0**	**0**	**0**	**(17,208)**	**0**	**0**	**0**	**(17,208)**
Liquidation of a foreign subsidiary	**0**	**0**	**0**	**0**	**0**	**1,072**	**0**	**1,072**
Depreciation of revaluation surplus on property, plant and equipment	**(742)**	**(167)**	**0**	**0**	**0**	**0**	**0**	**(909)**
Creation of a capital redemption reserve by a subsidiary	**0**	**0**	**0**	**0**	**0**	**0**	**43**	**43**
At 31 December	**84,883**	**68,448**	**183,019**	**(1,315)**	**686**	**(69,731)**	**243**	**266,233**
2006								
At 1 January	90,726	29,258	183,019	15,179	686	(70,803)	0	248,065
Deficit on revaluation of property, plant and equipment, net of tax	(8,718)	0	0	0	0	0	0	(8,718)
Currency translation differences arising in the financial year	0	0	0	714	0	0	0	714
Depreciation of revaluation surplus on property, plant and equipment	(742)	0	0	0	0	0	0	(742)
Creation of a capital redemption reserve in a subsidiary	0	0	0	0	0	0	200	200
At 31 December	81,266	29,258	183,019	15,893	686	(70,803)	200	239,519

14. Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM315,433,000 (2006: RM115,412,000) out of its retained earnings of RM1,350,793,000 (2006: RM1,171,769,000) as at 31 December 2007 without incurring any additional tax liabilities. The Company also has tax exempt income as at 31 December 2007 amounting to RM43,103,000 (2006: RM80,271,000) available for distribution as tax exempt dividends to shareholders.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

15. Borrowings

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Current				
Unsecured				
Term loans	**119,988**	34,326	**0**	0
Revolving credits	**139,500**	40,000	**100,000**	0
Bank overdrafts	**1,149**	0	**1,149**	0
Secured				
Term loans	**31,500**	15,000	**0**	0
Redeemable secured bonds	**40,000**	40,000	**0**	0
	332,137	129,326	**101,149**	0
Non-current				
Unsecured				
Term loans	**9,115**	29,841	**0**	0
Secured				
Term loans	**50,000**	50,000	**50,000**	50,000
Redeemable secured bonds	**290,000**	330,000	**0**	0
Bank guaranteed bonds	**196,268**	195,013	**0**	0
	545,383	604,854	**50,000**	50,000
Total repayable	**877,520**	734,180	**151,149**	50,000

Currency exposure profile of borrowings is as follows:

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
- US Dollar	**11,103**	14,667	**0**	0
- Ringgit Malaysia	**866,417**	719,513	**151,149**	50,000
	877,520	734,180	**151,149**	50,000

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

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

The Bonds are secured as follows:

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

15. Borrowings (continued)

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

The BG Bonds are secured as follows:

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

	Group		**Company**	
	2007 % per annum	2006 % per annum	**2007 % per annum**	2006 R% per annum
Weighted average effective finance rates at balance sheet date:				
Bank overdrafts	**7.50**	0	**7.50**	0
Revolving credits	**4.42**	4.95	**4.36**	0
Term loans	**5.00**	6.09	**5.80**	5.80
Redeemable secured bonds	**5.80**	5.80	**0**	0
Bank guaranteed bonds	**4.00**	4.00	**0**	0

Group borrowings: maturity and exposure to finance rate risk

Group	**Not later 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 2007					
Fixed finance rate:					
- Term loans	**118,000**	**50,000**	**0**	**0**	**168,000**
- Redeemable secured bonds	**40,000**	**40,000**	**150,000**	**100,000**	**330,000**
- Bank guaranteed bonds	**0**	**0**	**196,268**	**0**	**196,268**
	158,000	**90,000**	**346,268**	**100,000**	**694,268**
Floating finance rate:					
- Term loans	**1,988**	**2,650**	**6,465**	**0**	**11,103**
- Revolving credits	**171,000**	**0**	**0**	**0**	**171,000**
- Bank overdrafts	**1,149**	**0**	**0**	**0**	**1,149**
	174,137	**2,650**	**6,465**	**0**	**183,252**
	332,137	**92,650**	**352,733**	**100,000**	**877,520**

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

15. Borrowings (continued)

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

Company borrowings: maturity and exposure to finance rate risk

Company	Not later 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 2007					
Fixed finance rate:					
- Term loan	**0**	**50,000**	**0**	**0**	**50,000**
Floating finance rate:					
- Revolving credit	**100,000**	**0**	**0**	**0**	**100,000**
- Bank overdraft	**1,149**	**0**	**0**	**0**	**1,149**
	101,149	**50,000**	**0**	**0**	**151,149**
At 31 December 2006					
Fixed finance rate:					
- Term loan	0	0	50,000	0	50,000
	0	0	50,000	0	50,000

Estimated fair values

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

15. Borrowings (continued)

	Group			
	2007		2006	
	Carrying amount RM'000	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Term loans	**50,000**	**49,867**	68,000	67,121
Redeemable secured bonds	**290,000**	**308,030**	330,000	353,000
Bank guaranteed bonds	**196,268**	**192,450**	195,013	192,000
	536,268	**550,347**	593,013	612,121

	Company			
	2007		2006	
	Carrying amount RM'000	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Term loan	**50,000**	**49,867**	50,000	49,435

16. Deferred taxation

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

	Group		Company	
	2007 RM '000	2006 RM '000	**2007 RM '000**	2006 RM '000
Deferred tax assets	**3,674**	2,310	**520**	520
Deferred tax liabilities:				
- subject to income tax	**(73,102)**	(78,804)	**0**	0
- subject to real property gains tax	**(20,255)**	(20,275)	**0**	0
	(93,357)	(99,079)	**0**	0
At 31 December	**(89,683)**	(96,769)	**520**	520

	Note	Group		Company	
		2007 RM '000	2006 RM '000	**2007 RM '000**	2006 RM '000
At 1 January		**(96,769)**	(103,954)	**520**	520
Credited/(charged) to income statement:	9				
- property, plant and equipment		**10,967**	1,299	**0**	0
- property development costs		**1,934**	2,002	**0**	0
- tax losses		**(7,157)**	4,500	**0**	0
- others		**1,342**	376	**0**	0
		7,086	8,177	**0**	0
Charged to equity:					
- revaluation of property, plant and equipment		**0**	(992)	**0**	0
At 31 December		**(89,683)**	(96,769)	**520**	520

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

16. Deferred taxation (continued)

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Subject to income tax				
Deferred tax assets (before offsetting)				
- Property, plant & equipment	**522**	0	**0**	0
- Tax losses	**1,344**	8,501	**0**	0
- Others	**2,207**	865	**600**	600
	4,073	9,366	**600**	600
Offsetting	**(399)**	(7,056)	**(80)**	(80)
Deferred tax assets (after offsetting)	**3,674**	2,310	**520**	520
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(52,033)**	(62,458)	**80**	80
- Property development costs	**(20,478)**	(22,412)	**0**	0
- Land held for property development	**(990)**	(990)	**0**	0
	(73,501)	(85,860)	**80**	80
Offsetting	**399**	7,056	**(80)**	(80)
Deferred tax liabilities (after offsetting)	**(73,102)**	(78,804)	**0**	0
Subject to capital gains tax				
Deferred tax liabilities				
- Property, plant and equipment	**(19,330)**	(19,350)	**0**	0
- Others	**(925)**	(925)	**0**	0
	(20,255)	(20,275)	**0**	0

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

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Deductible temporary differences	**680**	801	**0**	0
Tax losses	**62,810**	62,704	**0**	0

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

17. **Property, plant and equipment**

Group

2007	Freehold land RM'000	←Hotel properties→ Freehold land RM'000	Hotel properties Hotel buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work in progress RM'000	Total RM'000
At 1 January									
At cost	40,131	71,372	289,201	60,468	65,546	6,578	98,447	627,301	1,259,044
At valuation	18,200	15,500	0	0	0	0	0	0	33,700
Additions	0	0	4,627	140	10,794	955	30,816	375,379	422,711
Currency translation differences	0	0	0	(2,460)	(1,190)	(17)	(243)	0	(3,910)
Reclassification of account	0	1,705	(32,533)	(1,360)	6,513	0	25,444	231	0
Reclassification to investment properties	0	0	0	0	0	0	0	(543,750)	(543,750)
Reclassification to real property assets	(30,056)	0	0	0	0	0	0	(9,110)	(39,166)
Write off	0	0	0	0	(7)	(20)	(22,978)	0	(23,005)
Disposals	0	0	0	0	(29)	(358)	(551)	0	(938)
At 31 December	28,275	88,577	261,295	56,788	81,627	7,138	130,935	450,051	1,104,686
Accumulated depreciation									
At 1 January	0	0	6,605	12,963	34,139	4,000	64,091	0	121,798
Charge for the financial year	0	0	5,780	1,115	6,938	851	15,034	0	29,718
Currency translation differences	0	0	0	(900)	(327)	(17)	(118)	0	(1,362)
Reclassification of account	0	0	(2,366)	(4,953)	1,819	0	5,500	0	0
Write off	0	0	0	0	(7)	(20)	(21,304)	0	(21,331)
Disposals	0	0	0	0	(24)	(156)	(473)	0	(653)
At 31 December	0	0	10,019	8,225	42,538	4,658	62,730	0	128,170
Accumulated impairment losses									
At 1 January	0	0	6,000	14,000	0	0	0	0	20,000
Charge for the financial year	0	0	0	7,020	0	0	0	0	7,020
At 31 December	0	0	6,000	21,020	0	0	0	0	27,020
Net book value									
At 31 December 2007									
At cost	10,075	88,577	245,276	27,543	39,089	2,480	68,205	450,051	931,296
At valuation	18,200	0	0	0	0	0	0	0	18,200
	28,275	88,577	245,276	27,543	39,089	2,480	68,205	450,051	949,496

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

17. Property, plant and equipment (continued)

Group

2006	Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold land RM'000	Hotel properties: Freehold land RM'000	Hotel properties: Hotel buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work in progress RM'000	Restated Total RM'000
At 1 January											
At cost	149,404	7,348	116,873	71,372	136,562	616,435	212,014	5,832	82,893	307,817	1,706,550
At valuation	26,999	0	0	16,133	151,294	0	0	0	0	0	194,426
Additions	0	0	0	0	903	1,006	2,509	802	16,143	306,307	327,670
(Deficit)/surplus on revaluation of property	(8,798)	0	0	(633)	442	0	0	0	0	0	(8,989)
Currency translation differences	0	(480)	0	0	0	(2,762)	(1,336)	(19)	(269)	0	(4,866)
Reclassification of account	0	0	0	0	0	(16,583)	1,674	0	0	14,909	0
Transfer to non-current assets held for sale	(1,339)	0	0	0	0	0	0	0	0	(1,732)	(3,071)
Reclassification to long term prepaid lease	0	(6,868)	(116,873)	0	0	0	0	0	0	0	(123,741)
Reclassification to investment properties	(107,935)	0	0	0	0	(537,628)	(149,312)	0	0	0	(794,875)
Write off	0	0	0	0	0	0	0	(13)	(131)	0	(144)
Disposals	0	0	0	0	0	0	(3)	(24)	(189)	0	(216)
At 31 December	58,331	0	0	86,872	289,201	60,468	65,546	6,578	98,447	627,301	1,292,744
Accumulated depreciation											
At 1 January	0	1,714	3,011	0	0	75,954	129,027	3,129	55,961	0	268,796
Charge for the financial year	0	514	229	0	7,868	804	3,998	921	8,516	0	22,850
Currency translation differences	0	0	(112)	0	0	(931)	(309)	(18)	(132)	0	(1,502)
Adjustment on revaluation surplus	0	0	0	0	(1,263)	0	0	0	0	0	(1,263)
Reclassification to long term prepaid lease	0	(2,228)	(3,128)	0	0	0	0	0	0	0	(5,356)
Reclassification to investment properties	0	0	0	0	0	(62,864)	(98,576)	0	0	0	(161,440)
Write off	0	0	0	0	0	0	0	(12)	(82)	0	(94)
Disposals	0	0	0	0	0	0	(1)	(20)	(172)	0	(193)
At 31 December	0	0	0	0	6,605	12,963	34,139	4,000	64,091	0	121,798
Accumulated impairment losses											
At 1 January	0	0	0	0	6,000	7,000	0	0	0	0	13,000
Charge for the financial year	0	0	0	0	0	7,000	0	0	0	0	7,000
At 31 December	0	0	0	0	6,000	14,000	0	0	0	0	20,000
Net book value											
At 31 December 2006											
At cost	40,130	0	0	0	78,341	33,505	31,407	2,578	34,356	627,301	847,618
At valuation	18,201	0	0	86,872	198,255	0	0	0	0	0	303,328
	58,331	0	0	86,872	276,596	33,505	31,407	2,578	34,356	627,301	1,150,946

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

17. Property, plant and equipment (continued)

Company 2007	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Total RM'000
At cost					
At 1 January	**1,932**	**5,621**	**1,377**	**4,130**	**13,060**
Additions	**0**	**0**	**650**	**1,678**	**2,328**
Write off	**0**	**0**	**0**	**(635)**	**(635)**
At 31 December	**1,932**	**5,621**	**2,027**	**5,173**	**14,753**
Accumulated depreciation					
At 1 January	**424**	**5,515**	**735**	**3,122**	**9,796**
Charge for the financial year	**39**	**65**	**278**	**609**	**991**
Write off	**0**	**0**	**0**	**(635)**	**(635)**
At 31 December	**463**	**5,580**	**1,013**	**3,096**	**10,152**
Net book value					
At 31 December 2007	**1,469**	**41**	**1,014**	**2,077**	**4,601**
2006					
At cost					
At 1 January	1,932	5,621	986	3,791	12,330
Additions	0	0	391	339	730
At 31 December	1,932	5,621	1,377	4,130	13,060
Accumulated depreciation					
At 1 January	386	5,450	569	2,812	9,217
Charge for the financial year	38	65	166	310	579
At 31 December	424	5,515	735	3,122	9,796
Net book value					
At 31 December 2006	1,508	106	642	1,008	3,264

(a) Freehold land

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

During the financial year ended 31 December 2006, a valuation was carried out by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia, and a partner with Khong & Jaafar Sdn Bhd, based on market value. Based on this valuation, the value of the freehold land is RM18,200,000 as compared to its carrying value of RM26,998,000. The deficit of RM8,798,000 had been accounted for by reversing previous revaluation surplus of RM8,798,000 for the same asset.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

17. Property, plant and equipment (continued)

(b) Hotel properties

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

Freehold land

The freehold land of hotel properties of a subsidiary stated at valuation was revalued during the financial year ended 31 December 2006 by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia, and a partner with Khong & Jaafar Sdn Bhd, based on market value.

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

Hotel building

(i) An impairment loss of RM7,020,000 (2006: RM7,000,000) is recognised in the income statement during the financial year in respect of a hotel building in a foreign country, which is impaired. The amount was derived based on the shortfall between value in use and the net book value of the hotel building. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset.

(ii) The hotel building of a subsidiary stated at valuation was revalued during the financial year ended 31 December 2006 by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia and a partner with Khong & Jaafar Sdn Bhd based on market value.

Base on this valuation, the value of the hotel building was RM50,000,000, as compared to the carrying value of RM48,295,000. The resultant surplus of RM1,705,000 had been credited to revaluation reserve and adjusted to the hotel building by eliminating the accumulated depreciation of RM1,263,000.

(iii) A hotel building was revalued on during the financial year ended 31 December 2005 by an independent qualified valuer, Mr Subramaniam A/L Arumugam, a registered valuer of Colliers, Jordan Lee & Jaafar Sdn Bhd using the comparison method to reflect the market value of the hotel building. The profits method was used to counter check the comparison method.

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

(iv) During the financial year ended 31 December 2005, the Group had written down the carrying value of a hotel building from RM35,000,000 to RM29,000,000 based on an indicative offer from a potential buyer. The shortfall of RM6,000,000 had been accounted as impairment loss in the income statement.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

17. Property, plant and equipment (continued)

(b) Hotel properties (continued)

	Group 2007 RM'000	Group 2006 RM'000
Net book value of revalued property, plant and equipment had these assets been carried at cost less accumulated depreciation:		
- freehold land	**1,040**	1,040
- hotel properties:		
- land	**24,462**	24,462
- buildings	**119,185**	133,485
	144,687	158,987
Net book value of asset pledged as security for borrowings (note 15):		
- long term leasehold land	**0**	98,459
- hotel properties	**65,500**	65,500
	65,500	163,959

The long-term leasehold land that was pledged as security for borrowings has been reclassified to leasehold land (note 20) in accordance with FRS 117.

18. Property development activities

(a) Land held for property development

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Land	**129,666**	129,666	**6,345**	6,345
Development costs	**93,462**	93,584	**58**	45
	223,128	223,250	**6,403**	6,390
Add: Cost incurred during the financial year				
- Land	**13,698**	0	**0**	0
- Development costs	**814**	167	**149**	13
Add: Transfer from property, plant and equipment				
- Land	**30,056**	0	**0**	0
- Development costs	**9,110**	0	**0**	0
	276,806	223,417	**6,552**	6,403
Less: Development costs written off	**0**	(289)	**0**	0
Less: Accumulated impairment losses	**(11,595)**	(10,795)	**0**	0
	265,211	212,333	**6,552**	6,403

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

18. Property development activities (continued)

(b) Property development costs

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Land	**186,383**	168,128	**9,444**	9,444
Development costs	**181,665**	586,252	**69,988**	34,677
	368,048	754,380	**79,432**	44,121
Add: Cost incurred during the financial year				
- Land cost	**40**	38,548	**0**	0
- Development costs	**135,976**	139,822	**64,295**	35,311
	504,064	932,750	**143,727**	79,432
Less: Cost recognised as an expense in income statement				
- Previous financial years	**(180,491)**	(448,882)	**(58,704)**	(22,343)
- Current financial year	**(175,229)**	(261,908)	**(80,011)**	(36,361)
	148,344	221,960	**5,012**	20,728
Transfer to inventories	**0**	(30,172)	**0**	0
	148,344	191,788	**5,012**	20,728

None of the land held for property development and property development costs of the Group (2006: RM25,960,000) have been charged as security for certain term loan and bank overdraft facilities.

Included in the Group's property development costs incurred during the financial year is interest capitalised of RM1,364,000 (2006: RM3,072,000).

19. Investment properties

Group	**Freehold land RM'000**	**Buildings RM'000**	**Plant and machinery RM'000**	**Total RM'000**
2007				
At cost				
At 1 January	**107,935**	**537,628**	**149,312**	**794,875**
Reclassification from property, plant and equipment	**0**	**490,731**	**53,019**	**543,750**
Additions	**0**	**75,461**	**44,968**	**120,429**
At 31 December	**107,935**	**1,103,820**	**247,299**	**1,459,054**
Accumulated depreciation				
At 1 January	**0**	**73,850**	**114,823**	**188,673**
Charge for the financial year	**0**	**14,818**	**20,466**	**35,284**
At 31 December	**0**	**88,668**	**135,289**	**223,957**
Net book value	**107,935**	**1,015,152**	**112,010**	**1,235,097**

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

19. Investment properties (continued)

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Total RM'000
2006				
At cost				
At 1 January/31 December	107,935	537,628	149,312	794,875
Accumulated depreciation				
At 1 January/31 December	(0)	(73,850)	(114,823)	(188,673)
Net carrying value	107,935	463,778	34,489	606,202

The fair value of the investment properties above were estimated at RM2,506,537,000 (2006: RM1,719,500,000) based on valuations by management. Valuations were based on current prices in an active market for certain properties and where appropriate, the investment method reflecting receipt of contractual rentals, expected future market rentals, current market yields, void periods, sinking funds and maintenance requirements and approximate capitalisation rates is used. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

Investment properties with net book value RM385,681,000 (2006: RM411,114,000) have been charged as security for borrowings as disclosed in note 15.

At 31 December 2007, the Group does not have any unprovided contractual obligations for future repairs and maintenance.

20. Long term prepaid lease

	Group	
	2007 RM'000	Restated 2006 RM'000
At cost		
At 1 January	**123,741**	0
Additions	**100,301**	0
Reclassification from property, plant and equipment	**0**	123,741
Foreign exchange difference	**(428)**	0
At 31 December	**223,614**	123,741
Accumulated depreciation		
At 1 January	**5,356**	0
Reclassification from property, plant and equipment	**0**	5,356
Additions	**1,418**	0
At 31 December	**6,774**	5,356
Net book value		
At 31 December	**216,840**	118,385

Long term prepaid lease with net book value of RM97,429,000 (2006: RM98,459,000) has been charged as security for borrowings as disclosed in note 15.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

21. Subsidiaries

	Company	
	2007	2006
	RM'000	RM'000
At cost		
- Quoted shares	**695,793**	738,793
- Quoted warrants	**4,998**	4,998
- Unquoted shares	**1,097,981**	1,093,981
Less: Accumulated impairment losses	**(3,754)**	(3,754)
	1,795,018	1,834,018
Market value of quoted shares	**767,340**	618,823
Market value of quoted warrants	**102,476**	32,492

Details of subsidiaries are set out in note 42.

22. Associates

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
At cost				
- Quoted shares in Malaysia	**0**	66,239	**0**	38,841
- Unquoted shares in Malaysia	**279,355**	282,280	**130,242**	130,242
- Unquoted shares outside Malaysia	**31,395**	31,395	**0**	0
	310,750	379,914	**130,242**	169,083
Group's share of revaluation surplus	**68,615**	29,258	**0**	0
Group's share of post acquisition reserves less losses	**196,851**	208,132	**0**	0
	576,216	617,304	**130,242**	169,083
Less: Impairment losses	**(1,482)**	(44,975)	**(1,482)**	(7,988)
	574,734	572,329	**128,760**	161,095
Market value of quoted shares	**0**	39,821	**0**	32,335

During the financial year, the Group reversed an impairment loss of RM37,161,000 due to the disposal of a quoted associate.

An impairment loss of RM6,332,000 was reversed by the Group during the financial year based on the difference between the carrying amount and the estimated recoverable value of the Group's investment in an associate.

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

22. Associates (continued)

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

	Group	
	2007	2006
	RM'000	RM'000
Revenue	**247,292**	251,755
Profit after tax	**40,115**	55,626
Non-current assets	**795,940**	799,792
Current assets	**289,342**	365,248
Current liabilities	**(303,497)**	(315,113)
Non-current liabilities	**(205,569)**	(232,623)
Net assets	**576,216**	617,304
Less: Accumulated impairment losses	**(1,482)**	(44,975)
	574,734	572,329

Details of associates are set out in note 43.

23. Other investments

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
At cost				
Unquoted shares				
- In Malaysia	**11,784**	11,784	**3,900**	3,900
- Outside Malaysia	**46,792**	46,792	**0**	0
	58,576	58,576	**3,900**	3,900
Less: Accumulated impairment losses	**(51,730)**	(49,821)	**(1,838)**	(1,838)
	6,846	8,755	**2,062**	2,062

24. Inventories

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
At cost				
Inventories of unsold properties	**63,267**	84,635	**34,235**	37,348
Finished goods	**617**	559	**0**	0
Hotel operating supplies	**724**	1,254	**0**	0
At net realisable value	**64,608**	86,448	**34,235**	37,348
Inventories of unsold properties	**1,968**	935	**0**	0
	66,576	87,383	**34,235**	37,348

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

25. Marketable securities

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
At cost				
Quoted shares				
- In Malaysia	**74,036**	6,529	**61,383**	6,529
Less: Accumulated impairment losses	**(502)**	(1,986)	**(502)**	(1,986)
	73,534	4,543	**60,881**	4,543
Market value				
Quoted shares				
- In Malaysia	**97,346**	4,543	**80,428**	4,543

26. Trade and other receivables

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Trade receivables	**79,443**	115,545	**6,931**	26,698
Less: Allowance for doubtful debts	**(9,325)**	(4,211)	**(1,127)**	(1,127)
	70,118	111,334	**5,804**	25,571
Other receivables	**31,293**	53,730	**14,323**	13,560
Less: Allowance for doubtful debts	**(5,810)**	(5,810)	**(5,810)**	(5,810)
	25,483	47,920	**8,513**	7,750
Accrued billings	**83,447**	19,617	**51,869**	0
Dividend receivable	**0**	0	**1,825**	3,348
Sundry deposits	**7,214**	3,041	**817**	353
Prepayments	**14,325**	4,842	**0**	0
	200,587	186,754	**68,828**	37,022
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	**69,577**	110,884	**5,804**	25,571
- US Dollar	**541**	450	**0**	0
	70,118	111,334	**5,804**	25,571

Credit terms of trade receivables of the Group and Company range from payment in advance to 45 days (2006: payment in advance to 45 days).

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

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

27. Amounts owing by/to subsidiaries

	Company	
	2007	2006
	RM'000	RM'000
Amounts owing by subsidiaries	**1,003,790**	703,597
Less: Allowance for doubtful debts	**(40,415)**	(40,415)
	963,375	663,182
Amounts owing to subsidiaries	**670,781**	649,650

The amounts owing by/to subsidiaries represent advances and are unsecured and have no fixed terms of repayment. The amounts owing by subsidiaries are interest free (2006: interest free) except for an amount of RM38,606,000 (2006: RM107,948,000), which carries interest at a rate of 3.75% (2006: 5%) per annum. The amounts owing to subsidiaries are interest free (2006: interest free) except for an amount of RM97,015,000 (2006: nil), which carries interest at a rate of 3.00% (2006: nil) per annum.

28. Amounts owing by/to associates

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Amounts owing by associates	**126,410**	122,455	**98,022**	96,656
Less: Allowance for doubtful debts	**(3,477)**	(3,477)	**(3,477)**	(3,477)
	122,933	118,978	**94,545**	93,179
Amounts owing to associates	**27,582**	28,739	**0**	1,469

The amounts owing by/to associates represent advances, unsecured, interest free (2006: interest free) and have no fixed terms of repayment.

29. Cash and cash equivalents

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

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Deposits with licensed banks	**335,247**	440,512	**175,699**	139,575
Cash and bank balances	**119,136**	114,679	**18,033**	22,276
Bank overdrafts	**(1,149)**	0	**(1,149)**	0
	453,234	555,191	**192,583**	161,851

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

29. Cash and cash equivalents (continued)

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
The currency exposure profile of cash and cash equivalents is as follows:				
- Ringgit Malaysia	**328,434**	439,940	**110,384**	90,035
- US Dollar	**83,973**	73,648	**82,199**	71,816
- Singapore Dollar	**3,112**	3,118	**0**	0
- Hong Kong Dollar	**34,247**	35,130	**0**	0
- Australian Dollar	**3,468**	3,355	**0**	0
	453,234	555,191	**192,583**	161,851

Included in the above is cash and bank balances amounting to RM37,738,000 (2006: RM60,318,000) and RM17,570,000 (2006: RM10,157,000) for the Group and Company respectively, which are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the property development projects of the Group and Company.

Deposits with licensed banks of the Group and Company at the balance sheet date both have an average maturity period of 31 days (2006: 30 days). Bank balances are deposits held at call with banks and earn no interest except for bank balances which are maintained in designated Housing Development Accounts. The weighted average interest rate as at the balance sheet date is 2% (2006: 2%).

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

	Group		Company	
	2007	2006	**2007**	2006
	% per annum	% per annum	**% per annum**	% per annum
Deposits with licensed banks				
- Ringgit Malaysia	**3.34**	3.32	**3.23**	3.32
- US Dollar	**4.31**	5.03	**4.31**	5.03
- Singapore Dollar	**1.53**	2.95	**0**	0
- Hong Kong Dollar	**4.26**	4.00	**0**	0
- Australian Dollar	**5.90**	4.75	**0**	0

30. Non-current assets held for sale

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Associate	**0**	16,928	**0**	0
Freehold land	**0**	3,071	**0**	0
	0	19,999	**0**	0

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

In the preceding financial year, the Group had presented a freehold land as held for sale following a communication from a local authority for compulsory acquisition on the land. The disposal was completed on 1 March 2007.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

31. Trade and other payables

	Group		Company	
	2007	2006	**2007**	2006
	RM '000	RM '000	**RM '000**	RM '000
Trade payables	**414,151**	289,522	**16,672**	13,248
Accruals	**68,964**	56,461	**4,222**	2,089
Other payables	**70,898**	44,382	**3,813**	4,061
Tenants' deposits received	**35,033**	15,526	**1,201**	1,140
	589,046	405,891	**25,908**	20,538
The currency exposure profile of trade payables is as follows:				
- Ringgit Malaysia	**403,417**	289,441	**16,672**	13,248
- US Dollar	**10,734**	81	**0**	0
	414,151	289,522	**16,672**	13,248

Credit terms of trade payables vary from no credit to 30 days (2006: no credit to 30 days).

Included in the trade payables of the Group is retention on contract sum of RM40,889,000 (2006: RM26,044,000).

32. Amount owing by a jointly controlled entity

	Group	
	2007	2006
	RM'000	RM'000
Amount owing by a jointly controlled entity	**11,937**	7,710
Share of profit from a jointly controlled entity	**6,271**	3,127
	18,208	10,837

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

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

	Group	
	2007	2006
	RM'000	RM'000
Current assets	49,627	34,521
Current liabilities	(39,264)	(28,325)
Net amount due from joint venture partner	7,845	4,641
	18,208	10,837

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

32. Amount owing by a jointly controlled entity (continued)

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

	Group 2007 RM'000	Group 2006 RM'000
Contract revenue	**163,514**	102,939
Contract costs	**(160,370)**	(100,959)
Profit for the financial year	**3,144**	1,980

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

33. Segment reporting – Group

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

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

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

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

2007	**Property development RM'000**	**Property investment and management RM'000**	**Hotel RM'000**	**Construction RM'000**	**Others RM'000**	**Group RM'000**
Revenue						
Total revenue	**457,477**	**258,224**	**140,535**	**319,120**	**48,025**	**1,223,381**
Intersegment revenue	**(195,443)**	**(5,298)**	**(3,755)**	**(319,120)**	**(25,834)**	**(549,450)**
External revenue	**262,034**	**252,926**	**136,780**	**0**	**22,191**	**673,931**
Results						
Segment results (external)	**52,480**	**110,641**	**35,060**	**0**	**(1,846)**	**196,335**
Unallocated corporate expenses						**(25,493)**
Unallocated income						**16,723**
Profit from operations						**187,565**
Finance cost						**(41,891)**
Share of results of associates	**1,193**	**258**	**34,477**	**0**	**4,187**	**40,115**
Gain on disposal of associates	**15,119**	**0**	**3,281**	**0**	**0**	**18,400**
Profit before tax						**204,189**
Tax expense						**(56,470)**
Profit for the financial year						**147,719**

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

33. Segment reporting – Group (continued)

2007	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
Other information						
Segment assets	**721,031**	**1,968,591**	**506,399**	**49,879**	**57,983**	**3,303,883**
Associates	**130,460**	**19,369**	**365,529**	**0**	**59,375**	**574,733**
Unallocated assets						**463,480**
Total assets						**4,342,096**
Segment liabilities	**220,738**	**298,830**	**17,236**	**24,629**	**49,779**	**611,212**
Unallocated liabilities						**1,001,899**
Total liabilities						**1,613,111**
Capital expenditure:						
- property, plant and equipment	**206,539**	**40,855**	**174,393**	**909**	**15**	**422,711**
- investment properties	**0**	**120,429**	**0**	**0**	**0**	**120,429**
- leasehold land	**0**	**100,301**	**0**	**0**	**0**	**100,301**
Depreciation:						
- property, plant and equipment	**1,734**	**5,102**	**21,461**	**1,374**	**47**	**29,718**
- investment properties	**0**	**35,284**	**0**	**0**	**0**	**35,284**
- leasehold land	**16**	**1,301**	**101**	**0**	**0**	**1,418**
Impairment loss:						
- property, plant and equipment	**0**	**0**	**7,020**	**0**	**0**	**7,020**
- land held for property development	**800**	**0**	**0**	**0**	**0**	**800**
2006						
Revenue						
Total revenue	437,535	214,491	123,534	132,710	69,472	977,742
Intersegment revenue	(54,389)	(4,825)	(2,849)	(132,710)	(64,008)	(258,781)
External revenue	383,146	209,666	120,685	0	5,464	718,961
Results						
Segment results (external)	84,207	101,011	12,013	770	(15,627)	182,374
Unallocated corporate Expenses						(22,776)
Unallocated income						20,525
Profit from operations						180,123
Finance costs						(43,267)
Share of results of associates	28,202	1,624	29,293	1,984	4,069	65,172
Profit before tax						202,028
Tax expense						(57,361)
Profit for the financial year						144,667

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

33. Segment reporting – Group (continued)

2006	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
Other information						
Segment assets	773,443	1,386,119	529,739	28,090	14,494	2,731,885
Associates	191,243	19,112	302,178	0	59,796	572,329
Unallocated assets						557,500
Total assets						3,861,714
Segment liabilities	227,937	158,029	23,975	12,114	12,375	434,430
Unallocated liabilities						859,202
Total liabilities						1,293,632
Capital expenditure	208,855	95,335	21,010	2,401	69	327,670
Depreciation:						
- property, plant and equipment	1,009	4,470	15,867	1,462	42	22,850
- investment properties	0	27,233	0	0	0	27,233
Impairment losses:						
- marketable securities	1,099	0	0	0	0	1,099
- property, plant and equipment	0	7,000	0	0	0	7,000
- land held for property development	6,795	0	0	0	0	6,795
- associate	18,544	0	0	0	0	18,544
- other investments	7,055	0	0	0	0	7,055

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

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

(b) Secondary reporting format – geographical segments

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

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

* Company's home country

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

33. Segment reporting – Group (continued)

	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
2007			
Malaysia	**668,044**	**4,070,684**	**643,422**
Asia Pacific	**5,887**	**116,324**	**19**
United Kingdom	**0**	**155,088**	**0**
	673,931	**4,342,096**	**643,441**
2006			
Malaysia	713,460	3,606,101	327,573
Asia Pacific	5,501	115,577	97
United Kingdom	0	140,036	0
	718,961	3,861,714	327,670

34. Contingent liabilities

	Company	
	2007 RM'000	2006 RM'000
Corporate guarantees issued for banking facilities granted to subsidiaries (unsecured)	**200,496**	111,359

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

The Group's share of contingent liabilities in associate (unsecured) is Nil (2006: RM737,000).

35. Capital commitment

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

	Group	
	2007 RM'000	2006 RM'000
Authorised by Directors and contracted		
- Property, plant and equipment	**179,676**	790,662
- Investment properties	**127,164**	1,227
	306,840	791,889
Authorised by Directors but not contracted		
- Property, plant and equipment	**16,622**	14,538
	323,462	806,427

The Group's share of capital commitment in associates is nil (2006: RM1,268,000).

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

36. Significant related party disclosures

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

	Company	
	2007	2006
	RM'000	RM'000
(a) Associates		
Repayments from:		
- Great Union Properties Sdn Bhd	**0**	20
- Istaron Limited	**15,557**	0

(b)

Other related parties	**Relationship**
Wah Seong Corporation Berhad	A company in which Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, are substantial shareholders.
Syn Tai Hung Trading Sdn Bhd	A subsidiary of Wah Seong Corporation Berhad and related to Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company who are deemed majority shareholders of the Company via corporations in which they have no less than 15% shareholding.
Wah Seong (Malaya) Trading Co. Sdn Bhd	A company in which Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.
Cahaya Utara Sdn Bhd	An associate of Wah Seong (Malaya) Trading Co. Sdn Bhd.
Strass Media Sdn Bhd	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn Bhd.

	Group	
	2007	2006
	RM'000	RM'000
Light boxes rental, pedestrian bridge and office rental		
- Strass Media Sdn Bhd	**1,328**	1,553
Management/marketing fee income from:		
- Cahaya Utara Sdn Bhd	**1,330**	1,281
Purchases of building materials from:		
- Syn Tai Hung Trading Sdn Bhd	**778**	11,518

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

36. Significant related party disclosures (continued)

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

	Group	
	2007	2006
	RM'000	RM'000
Salaries, bonus and allowance	**13,182**	10,996
Defined contribution plan	**1,343**	1,144
Share-based payment	**320**	33
Other short term benefits	**2,025**	301
	16,870	12,474

37. Changes in Group structure

On 8 January 2007, the Group through its wholly-owned subsidiary, Pacific Land Sdn Bhd acquired 100% interest in Cititel Hotels Pty Ltd, a dormant company incorporated in Australia, for AUD2.

On 12 February 2007, the Company acquired 100% interest in Pesona KL (M) Sdn Bhd (which subsequently changed its name to IGB Management Services Sdn Bhd on 21 February 2007), a shelf company, for RM2.

On 5 March 2007, the Group through its wholly-owned subsidiary Tan & Tan Developments Berhad, acquired the remaining 30.6% equity interest in Tanobi Sdn Bhd for a cash consideration of RM11,000.

On 12 April 2007, the Group through its wholly-owned subsidiary, Pacific Land Sdn Bhd acquired a 100% interest in Lagenda Sutera (M) Sdn Bhd, a shelf company, for RM2.

On 16 April 2007, the Group placed the following six (6) dormant wholly-owned subsidiaries under members' voluntary liquidation under Section 254(1) of the Companies Act, 1965: City Beauty Sdn Bhd, IGB Credit Sdn Bhd, IGB Real Estate Sdn Bhd, Kilat Security Sdn Bhd, Lucravest Holdings Sdn Bhd and Mid Valley Food Management Sdn Bhd.

On 24 April 2007, the Group through its wholly-owned subsidiary Tan & Tan Developments Berhad, entered into an agreement to dispose of its entire equity interest in MIHR Sdn Bhd. The disposal was completed on 24 August 2007.

On 24 May 2007, the Company entered into a Shareholders' Agreement to restructure the equity of its 60%-owned subsidiary, Technoltic Engineering Sdn Bhd ("Technoltic"), such that upon completion of the equity restructuring, Technoltic would cease to be a subsidiary and the Company would hold 40% equity in Technoltic. The equity restructuring was completed on 18 February 2008.

On 6 June 2007, the Company acquired a 100% interest in Salient Glory City Sdn Bhd, a shelf company, for RM2.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

37. Changes in Group structure (continued)

Details of net assets acquired of Tanobi Sdn Bhd are as follows:

	Acquiree's carrying value RM'000
Non current assets	4,200
Current liabilities	(4,189)
Fair value of net assets acquired	11
Purchase consideration	11
	0

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

38. Disposal of subsidiary

During the financial year, the Group disposed off its entire interest in MIHR Sdn Bhd for a cash consideration of RM2,293,000 as follows:

	RM'000
Property, plant and equipment	164
Receivables	152
Amount due from holding company	1,736
Tax recoverable	5
Bank balance	257
Payables	(15)
Provision for taxation	(6)
	2,293

The net cash flow on disposal was determined as follows:

Net proceeds from disposal	2,293
Cash and cash equivalents	(257)
Net cash inflow	2,036

39. Non-cash transaction

The principal non-cash transaction during the financial year is the conversion of 28,339,683 ICPS 2002/2007 into 21,254,762 new ordinary shares of RM0.50 each at a conversion price of RM1.33 per ordinary share.

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

40. Change in Accounting Policy

FRS 117 Leases requires the classification of leasehold land as prepaid lease rental. The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. In previous financial years, leasehold land held for own use was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses, if any. Leasehold land held for own use is now classified as operating lease and where necessary, the upfront payments made are allocated between land and building elements in proportion to the relative fair value for leasehold interest in the land element and building element.

The upfront payments represent prepaid lease payments and are amortized on a straight line basis over the lease term. As allowed by the transitional provisions of FRS 117 upon its adoption, the unamortized revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments. The reclassification of leasehold land as prepaid lease payment has been accounted for retrospectively and the comparative figures have been restated accordingly.

The following balance sheet comparative figures of the Group have been restated due to adoption of FRS117:

	As previously stated RM'000	Effect of adoption of FRS 117 RM'000	As restated RM'000
Property, plant and equipment	**1,269,331**	**(118,385)**	**1,150,946**
Long term prepaid lease	**0**	**118,385**	**118,385**

41. Significant post balance sheet event

MiCasa Hotel Apartments, owned by TTD Sdn Bhd, a wholly-owned subsidiary of the Group, temporarily ceased its hotel operations on 1 January 2008 for the purpose of undergoing an extensive upgrading and refurbishment exercise for a period of approximately eighteen (18) months.

42. Subsidiaries

	Name of company	Principal activities	Place of incorporation	Group's interest (%) 2007	2006
	Abad Flora Sdn. Bhd. [1]	Property Investment	Malaysia	**100.0**	100.0
	Amanbest Sdn. Bhd. [2]	Property Development	Malaysia	**51.0**	51.0
	Amandamai Dua Sdn. Bhd. [3]	Property Holding	Malaysia	**100.0**	100.0
	Amandamai Satu Sdn. Bhd. [4]	Property Development	Malaysia	**100.0**	100.0
	Angkasa Gagah Sdn. Bhd. [5]	Property Development	Malaysia	**100.0**	100.0
*	Asian Equity Limited [6]	Investment Holding	British Virgin Islands	**55.0**	55.0
	Atar Deras Sdn. Bhd. [7]	Property Development	Malaysia	**100.0**	100.0
*	Auspicious Prospects Ltd. [8]	Investment Holding	Liberia	**100.0**	100.0
	Belimbing Hills Sdn. Bhd. [9]	Property Development	Malaysia	**100.0**	100.0
*	Beswell Limited [10]	Investment Holding	Hong Kong	**100.0**	100.0
	Bintang Buana Sdn. Bhd. [11]	Property Development	Malaysia	**90.0**	90.0
	Central Review (M) Sdn. Bhd. [12]	Property Investment, Hotel Operations and Management	Malaysia	**100.0**	100.0
	Cipta Klasik (M) Sdn. Bhd. [13]	Property Investment	Malaysia	**100.0**	100.0
	Cititel Hotel Management Sdn. Bhd.	Provision of Hotel Management Services	Malaysia	**60.0**	60.0
	Cititel Hotels Pty Ltd [14]	Investment Holding	Australia	**100.0**	0.0

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

42. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's interest (%) 2007	Group's interest (%) 2006
	City Beauty Sdn. Bhd. [15] *(under members' voluntary liquidation)*	Landscaping and Its Related Business	Malaysia	**100.0**	100.0
	Corpool Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Danau Bidara (M) Sdn. Bhd. [16]	Property Holding	Malaysia	**100.0**	100.0
	Dian Rezki Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Earning Edge Sdn. Bhd. [17]	Investment Holding	Malaysia	**65.0**	65.0
	Ensignia Construction Sdn. Bhd.	Investment Holding and Construction	Malaysia	**100.0**	100.0
	Express Management Consultants Sdn. Bhd. [18]	Dormant	Malaysia	**100.0**	100.0
*	Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	**100.0**	100.0
	Harta Villa Sdn. Bhd. [19]	Property Development	Malaysia	**100.0**	100.0
	ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	ICDC Management Sdn. Bhd. [20]	Property Management	Malaysia	**100.0**	100.0
	IGB Credit Sdn Bhd *(under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	IGB Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	0.0
	IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	**100.0**	100.0
	IGB Properties Sdn. Bhd.	Property Investment and Management	Malaysia	**100.0**	100.0
	IGB Real Estate Sdn. Bhd. [21] *(under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	Innovation & Concept Development Co. Sdn. Bhd. [22]	Property Development	Malaysia	**100.0**	100.0
	Intercontinental Aviation Services Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Ipoh Garden Shopping Complex Sdn. Bhd.	Property Holding	Malaysia	**100.0**	100.0
	IST Building Products Sdn Bhd	Trading of Building Materials	Malaysia	**100.0**	100.0
	IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Kemas Muhibbah Sdn. Bhd. [23]	Property Development	Malaysia	**100.0**	100.0
	KennyVale Sdn. Bhd. [24]	Property Development	Malaysia	**100.0**	100.0
	Kilat Security Sdn. Bhd. *(under members' voluntary liquidation)*	Security Services	Malaysia	**100.0**	100.0
	Kondoservis Sdn. Bhd. [25]	Provision of Management Services to Condominiums	Malaysia	**100.0**	100.0
	K Parking Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	KrisAssets Holdings Berhad	Investment Holding	Malaysia	**74.9**	74.9
	Lagenda Sutera (M) Sdn. Bhd. [26]	Property Investment	Malaysia	**100.0**	0.0
*	Lingame Company Limited	Investment Holding	Hong Kong	**100.0**	100.0
	Lucravest Holdings Sdn. Bhd. *(under members' voluntary liquidation)*	Investment Holding	Malaysia	**100.0**	100.0
*	MiCasa Hotel Limited [27]	Hotelier	Myanmar	**65.0**	65.0
	Mid Valley Capital Sdn Bhd [28]	Special Purpose Vehicle for Issuance of Bonds	Malaysia	**74.9**	74.9

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

42. Subsidiaries (continued)

Name of company	Principal activities	Place of incorporation	Group's interest (%) 2007	2006
Mid Valley City Sdn. Bhd.[29]	Owner and Operator of Mid Valley Megamall	Malaysia	**74.9**	74.9
Mid Valley City Convention Centre Sdn Bhd.	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City Developments Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
Mid Valley City Enterprise Sdn. Bhd.	Hotel Operator and Owner	Malaysia	**100.0**	100.0
Mid Valley Food Management Sdn. Bhd. *(under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
Mid Valley City Gardens Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City Hotels Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City North Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City Residences Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City South Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
MVC Centrepoint North Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
MVC Centrepoint South Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
Mid Valley City Energy Sdn Bhd	Dormant	Malaysia	**100.0**	100.0
Mid Valley MC Sdn. Bhd. [30] *(under members' voluntary liquidation)*	Property Management	Malaysia	**74.9**	74.9
Mid Valley Mulia Sdn. Bhd. [31] *(under members' voluntary liquidation)*	Property Development	Malaysia	**74.9**	74.9
Mid Valley Properties Sdn. Bhd. [32] *(under members' voluntary liquidation)*	Property Development	Malaysia	**74.9**	74.9
MIHR Sdn. Bhd. [33]	Provision of Hotel Management Consultancy Services	Malaysia	**0.0**	90.0
Murni Properties Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
MVEC Exhibition and Event Services Sdn. Bhd.	Provision of Exhibition Services	Malaysia	**100.0**	100.0
Nova Pesona Sdn. Bhd. [34]	Property Development	Malaysia	**50.0 (+ 1 share)**	50.0 (+ 1 share)
OPT Ventures Sdn. Bhd. [35]	Property Development	Malaysia	**70.0**	70.0
Outline Avenue (M) Sdn. Bhd. [36]	Property Development	Malaysia	**89.6**	89.6
Pacific Land Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
Pekeliling Land Sdn. Bhd.	Property Holding	Malaysia	**100.0**	100.0
Pekeliling Property Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
Penang Garden Sdn. Bhd.	Property Development and Letting of Properties	Malaysia	**100.0**	100.0
Permata Dunia Sdn. Bhd. [37]	Investment Holding	Malaysia	**100.0**	100.0
Permata Efektif (M) Sdn. Bhd. [38]	Property Development	Malaysia	**100.0**	100.0
Pinex Sdn. Bhd. [39]	Property Development	Malaysia	**100.0**	100.0

Notes to the financial statements (continued)

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42. Subsidiaries (continued)

Name of company	Principal activities	Place of incorporation	Group's interest (%) 2007	2006
PIR Management Services Sdn. Bhd. [40]	Provision of Management Services	Malaysia	**100.0**	100.0
Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Primanah Property Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
Puncak Megah (M) Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
Reka Handal Sdn. Bhd. [41]	Property Development	Malaysia	**75.0**	75.0
Riraiance Enterprise Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Salient Glory City (M) Sdn. Bhd.	Property Investment	Malaysia	**100.0**	0.0
Tanah Permata Sdn. Bhd. [42]	Hotelier	Malaysia	**100.0**	100.0
Tanobi Sdn. Bhd. [43]	Property Holding	Malaysia	**100.0**	69.4
Tan & Tan Developments Berhad	Property Development, Provision of Project Management Services and Investment Holding	Malaysia	**100.0**	100.0
Tan & Tan Realty Sdn. Bhd. [44]	Property Investment and Provision of Related Services and Operating of Food Court	Malaysia	**80.0**	80.0
T-Bond Construction Sdn. Bhd. [45]	Building Contractor	Malaysia	**100.0**	100.0
Technoltic Engineering Sdn. Bhd.	Servicing, Maintenance and Installation of Elevators	Malaysia	**60.0**	60.0
Teamwork M&E Sdn. Bhd. [46]	Provision of Consultation on Mechanical and Electrical Services to Condominiums and Apartments	Malaysia	**100.0**	100.0
TTD Sdn. Bhd. [47]	Hotelier	Malaysia	**100.0**	100.0
X-Speed Sdn. Bhd.	Dormant	Malaysia	**100.0**	100.0
X-Speed Skatepark Sdn. Bhd. [48] *(under members' voluntary liquidation)*	Management of Skatepark	Malaysia	**74.9**	74.9

Notes:

1-5, 7, 9, 11-13, 15, 16, 19, 24, 25, 33-36, 38, 39, 41, 43-47 - Held by Tan & Tan Developments Berhad.
6 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 35.0% and 20.0% respectively.
8 - Held by Lingame Company Limited.
10, 14, 26, 42 - Held by Pacific Land Sdn. Bhd.
17 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.
18, 20, 22 - Held by ICDC Holdings Sdn. Bhd.
21 - Held by IT&T Engineering & Construction Sdn. Bhd.
23 - Held by IGB Project Management Services Sdn. Bhd.
27 - Held by Earning Edge Sdn. Bhd.
28, 29 - Held by KrisAssets Holdings Berhad
30-32, 48 - Held by Mid Valley City Sdn Bhd
37 - Held by Corpool Holdings Sdn. Bhd.
40 - Held by Pangkor Island Resort Sdn. Bhd.

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

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

Notes to the financial statements (continued)
for the financial year ended 31 December 2007

43. Associates

	Name of company	Principal activities	Place of incorporation	Group's interest (%) 2007	2006
*	Aroma Laundry and Dry Cleaners Sdn. Bhd. [1]	Provision of Laundry and Dry Cleaning Services	Malaysia	**20.0**	20.0
+	Crystal Centre Properties (International) Ltd. [2]	Investment Holding	Hong Kong	**45.0**	45.0
*	DMV Sdn. Bhd. [3]	Property Development	Malaysia	**39.0**	39.0
	Gleneagles Academy of Nursing (M) Sdn. Bhd. [4]	Nursing Education	Malaysia	**25.0**	25.0
	Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. [5]	Investment in and Management of a Private Hospital	Malaysia	**30.0**	30.0
	Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [6]	Development and Investment in Medical Centres	Malaysia	**30.0**	30.0
*	Grapevine Investments (Hong Kong) Limited [7]	Investment Holding	Hong Kong	**50.0**	50.0
	Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	**50.0**	50.0
	Hampshire Properties Sdn Bhd [8]	Property Development and Property Investment	Malaysia	**50.0**	0.0
*	HICOM Tan & Tan Sdn. Bhd. [9]	Property Development	Malaysia	**50.0**	50.0
	IGB (Thailand) Co Ltd	Property Investment	Thailand	**49.0**	0.0
+	Istaron Limited [10]	Investment Holding	Hong Kong	**50.0**	50.0
	Johan Kekal Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
	Kumpulan Sierramas (M) Sdn. Bhd. [11]	Property Development	Malaysia	**50.0**	50.0
	Kundang Properties Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
*	Kyami Pty. Ltd. [12]	Investment Holding	Australia	**40.0**	40.0
	Merchant Firm Limited [13]	Investment Holding	British Virgin Island	**49.5**	49.5
*	Negara Properties (M) Berhad [14]	Property Development and Investment Holding	Malaysia	**0.0**	24.6
	New Commercial Investments Ltd [15]	Investment Holding	British Virgin Islands	**49.6**	49.6
	Oncology Centre (KL) Sdn. Bhd. [16]	Provision of Comprehensive Professional Oncological Services	Malaysia	**30.0**	30.0
	Permata Alasan (M) Sdn. Bhd. [17]	Property Development and Property Investment	Malaysia	**50.0**	50.0
	Rapid Alpha Sdn. Bhd. [18]	Construction	Malaysia	**50.0**	50.0
	Ravencroft Investments Incorporated [19]	Investment Holding	British Virgin Islands	**49.5**	49.5
+	Saigon Inn Hotel Co. [20]	Hotelier	Vietnam	**33.8**	33.8
*	Sierramas Landscape Services Sdn. Bhd. [21]	Landscaping and Horticulture	Malaysia	**50.0**	50.0
*	St Giles Hotel Ltd. [22]	Hotels and Motels with Restaurants	United Kingdom	**49.5**	49.5
*	St Giles Hotel (Heathrow) Ltd. [23]	Hotels and Motels with Restaurants	United Kingdom	**49.6**	49.6
*	SuCasa Sdn. Bhd. [24]	Hotelier and Operator of Service Apartments	Malaysia	**0.0**	40.0
	Sukatan Garisan Sdn. Bhd. [25]	Property Investment	Malaysia	**50.0**	50.0
*	Tentang Emas Sdn. Bhd. [26]	Investment Holding	Malaysia	**49.0**	49.0
*	Weian Investments Pte. Ltd. [27] *(under members' voluntary liquidation)*	Property Development and Trading	Singapore	**49.0**	49.0

Notes to the financial statements (continued)

for the financial year ended 31 December 2007

43. Associates (continued)

Notes:

1, 4, 5, 6, 8, 9, 11, 12, 17, 24, 26 - Held by Tan & Tan Developments Berhad.
2 - Held by Istaron Limited.
3 - Held by Tan & Tan Developments Berhad and IGB Corporation Berhad 26% and 13% respectively.
7, 27 - Held by Grapevine Investments Pte. Ltd.
10 - Held by Pacific Land Sdn. Bhd.
13 - Held by Ravencroft Investments Incorporated
14 - Held by IGB Corporation Berhad and Intercontinental Aviation Services Sdn. Bhd 20.0% and 4.6% respectively.
15 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.
16 - Held by Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.
18 - Held by Ensignia Construction Sdn. Bhd.
19 - Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd. 27.72%, 7.65% and 14.10% respectively.
20 - Held by Crystal Centre Properties (International) Ltd.
21 - Held by Kumpulan Sierramas (M) Sdn. Bhd.
22 - Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd 27.72%, 7.65% and 14.10% respectively.
23 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd 31.53% and 18.02% respectively.
25 - Held by Johan Kekal Sdn. Bhd.

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

44. Comparative information

Certain comparative information have been reclassified to conform with current year's classification.

45. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 28 April 2008.

Statement by Directors

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

We, Robert Tan Chung Meng and Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman, being two of the Directors of IGB Corporation Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 38 to 107 are drawn up in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2007 and of the results and cash flows of the Group and Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 28 April 2008.

Robert Tan Chung Meng
Managing Director

Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman
Director

Statutory Declaration

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

I, Chai Lai Sim, the officer primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 107 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Chai Lai Sim

Subscribed and solemnly declared by the abovenamed Chai Lai Sim at Kuala Lumpur on 28 April 2008.

Before me:

Soh Ah Kau
Commissioner for Oaths

Report of the auditors

to the members of IGB Corporation Berhad for the financial year ended 31 December 2007

We have audited the financial statements set out on pages 38 to 107. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

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

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

   (ii) the state of affairs of the Group and Company as at 31 December 2007 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 42 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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

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

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

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

Kuala Lumpur
28 April 2008

IGB Corporation Berhad (5745-A)

PROXY FORM

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

____

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

____

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

____

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 44th Annual General Meeting of the Company to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Wednesday, 28 May 2008 at 3.00 p.m. and at any adjournment thereof, in the manner indicated below:

No.	Resolutions	For	Against
1.	Receipt of Reports and Audited Financial Statements		
2.	Re-election of Tan Sri Abu Talib bin Othman		
3.	Re-election of Robert Tan Chung Meng		
4.	Re-election of Yeoh Chong Swee		
5.	Re-appointment of PricewaterhouseCoopers as auditors		
6.	Approval of Directors' fees		
7.	Re-appointment of Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman		
8.	Authorisation for Directors to issue shares		
9.	Renewal of Share Buy-Back Mandate		
10.	Renewal of RRPT Mandate		

Number of shares held

Signed (and sealed) this __________ day of ______________ 2008

____

Signature(s)

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

Affix Stamp
Here

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

IGB Corporation Berhad (5745-A)

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

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