IGB Corporation Berhad (5745-A)

ANNUAL REPORT 2010

Contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Seventh Annual General Meeting ('47th AGM') of IGB Corporation Berhad ('IGB' or 'the Company') will be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, on Thursday, 12 May 2011 at 2.30 p.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2010 and Reports of the Directors and Auditors thereon. (Resolution 1)

2. To re-elect Tan Boon Seng who retires by rotation in accordance with Article 85 of the Company's Articles of Association ('Articles'). (Resolution 2)

3. To re-elect the following Directors who retire by rotation in accordance with Article 86 of the Articles:

   (a) Robert Tan Chung Meng (Resolution 3)
   (b) Yeoh Chong Swee (Resolution 4)

4. To re-appoint Messrs PricewaterhouseCoopers ('PwC') as Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Directors to determine their remuneration. (Resolution 5)

Special Business

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

   "THAT Tan Sri Abu Talib bin Othman, a Director who retires pursuant to Section 129(2) of the Act, be and is hereby reappointed as Director of the Company to hold office until the conclusion of the next annual general meeting ('AGM')." (Resolution 6)

6. To consider and if thought fit, to 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 Articles and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue new shares in the capital of the Company, and upon such terms and conditions and for such purposes and to such person(s) as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company and that such authority, unless revoked or varied by the Company in general meeting, shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier." (Resolution 7)

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

   "THAT subject to Section 67A of the Act and Part IIIA of the Companies Regulations 1966, the Company's Memorandum and Articles and the Main Market Listing Requirements ('MMLR') of Bursa Malaysia Securities Berhad ('Bursa Securities'), the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company on Bursa Securities ('Share Buy-Back Mandate') provided that:

   (i) the aggregate number of shares purchased pursuant to the Share Buy-Back Mandate shall not exceed 10% of the issued and paid-up share capital of the Company;
   (ii) the maximum fund to be allocated by the Company pursuant to the Share Buy-Back Mandate shall not exceed the retained earnings or share premium of the Company as at 31 December 2010; and
   (iii) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate to be cancelled and/or retained in treasury for distribution as dividends and/or resold on Bursa Securities;

   AND THAT the Share Buy-Back Mandate, unless revoked or varied by the Company in general meeting, shall commence immediately upon passing of this resolution until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier;

   AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interest of the Company to give effect to the Share Buy-Back Mandate." (Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING
(continued)

(c) Renewal of shareholders' mandate for recurrent related party transactions

"THAT the Company and/or its subsidiaries ('the Group') be and is/are hereby authorised to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ('Related Parties') as specified in Section 2.2.1 of the Statement/Circular to Shareholders dated 20 April 2011 ('Statement/Circular'), provided that such arrangements and/or transactions are:

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

('RRPT Mandate');

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

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

By Order of the Board

Tina Chan Lai Yin
Company Secretary

Kuala Lumpur
20 April 2011

Notes relating to Proxy and Registration:

(1) Appointment of proxy

A proxy 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 is entitled to appoint not more than two (2) proxies to attend and vote at the meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy. In the case of a corporate member, the proxy form must be either under seal or under the hand of an attorney duly authorised. The proxy form must be deposited at the Registered Office/Share Registrar 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) Registration of members/proxies

Registration of members/proxies attending the 47th AGM will start at 12.30 p.m. Members/proxies are required to produce identification documents for registration.

Notes to the Agenda:

(1) Pursuant to Section 169(1) and 174(1) of the Act and Article 130 of the Articles.

(2) Pursuant to Article 85 of the Articles which requires one-third of the Directors to retire from office by rotation.

Mr Tan Boon Seng is subject to retirement under Article 85 and being eligible, has offered himself for re-election.

(3) Pursuant to Article 86 of the Articles which requires every Director to submit himself for re-election at least once in each three year period.

Mr Robert Tan Chung Meng and Mr Yeoh Chong Swee are subject to retirement under Article 86 and being eligible, have offered themselves for re-election.

(4) Pursuant to Section 172(2) of the Act and Article 133 of the Articles.

PwC has indicated its willingness to continue as the Company's Auditors for the ensuing year.

(5) Pursuant to Section 129(6) of the Act which requires Directors over seventy years of age to be re-appointed by the shareholders every year.

Tan Sri Abu Talib bin Othman is subject to such retirement and re-appointment, and shall upon re-elected as Director of the Company, remain as the Chairman of the Company.

(6) (a) Resolution 7, if approved, will empower the Directors of the Company, to allot and issue up to 10% of the total number of issued shares of the Company for any strategic acquisition opportunities involving equity or part equity or such purposes as the Directors consider to be in the interest of the Company. The approval is sought to avoid any delay and cost in convening separate general meetings for such issuance of shares. No shares were allotted and issued up to date of this notice pursuant to the mandate obtained at the 2010 AGM.

(b) Resolution 8 is to renew, effective until the next AGM, the Share Buy-Back Mandate for the Company to make purchases of its issued ordinary shares. The Company intends to use internal sources of funds to finance purchases of its shares. Please refer to the Statement/Circular.

(c) Resolution 9 is to renew, effective until the next AGM, the RRPT Mandate for 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. Please refer to the Statement/Circular.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Tan Sri Abu Talib bin Othman

Group Managing Director
Robert Tan Chung Meng

Executive Directors
Tan Boon Seng
Tan Boon Lee

Independent Non-Executive Directors
Tan Kai Seng
Yeoh Chong Swee

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

Alternate Directors
Chua Seng Yong, Alternate to Robert Tan Chung Meng
Daniel Yong Chen-I, Alternate to Pauline Tan Suat Ming

COMPANY SECRETARY
Tina Chan Lai Yin

AUDITORS
PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50706 Kuala Lumpur
Telephone : 603-2173 1188
Telefax : 603-2173 1288

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

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

REGISTRAR
IGB Corporation Berhad
(Share Registration Department)
Level 32, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 603-2289 8989
Telefax : 603-2289 8802

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Listed on 10 September 1981

PROFILE OF DIRECTORS

TAN SRI ABU TALIB BIN OTHMAN

Tan Sri Abu Talib, aged 72, is an Independent Non-Executive Chairman of IGB. He joined the Board on 18 July 1995 and was appointed the Chairman on 30 May 2001. He is also the Chairman of Nomination and Remuneration Committees, and a member of Audit Committee ('AC').

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

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

ROBERT TAN CHUNG MENG

Mr Robert Tan Chung Meng, aged 58, was appointed the Group Managing Director ('Group MD') of IGB on 30 May 2001. Prior to that, he was the Joint MD of the Company since 1995. He is a member of Executive Committee ('Exco'), Remuneration, Risk Management and Share 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 also developed a housing project in Central London before returning to Malaysia. He has been involved in various development projects carried out by IGB Group, in particular the Mid Valley City project.

He is presently the Chairman of Wah Seong Corporation Berhad ('WSCB'), Group MD of KrisAssets Holdings Berhad ('KrisAssets') and a director of Tan & Tan Developments Berhad ('Tan & Tan').

TAN BOON SENG

Mr Tan Boon Seng, aged 55, joined IGB in 1980 as General Manager. He was appointed to the Board on 20 December 1990, MD in 1991, re-designated to Joint MD in 1995 and subsequently, Executive Director ('ED') on 30 May 2001. He is the Exco Chairman and a member of Risk Management and Share Committees.

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

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

TAN BOON LEE

Mr Tan Boon Lee, aged 47, joined the Board of IGB on 10 June 2003 as an ED. He is also a member of Exco, Risk Management and Share 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 23 years experience in the property and hotel industry, providing management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was President of the Malaysian Association of Hotel Owners ('MAHO') from 2002 to 2004.

He is also a director of KrisAssets, Goldis Berhad ('Goldis'), Macro Kiosk Berhad, Kenny Vale Homeowners Berhad, Laman Homeowners Berhad and Tan & Tan of which he is presently the Chief Executive Officer ('CEO').

TAN LEI CHENG

Mdm Tan Lei Cheng, aged 54, is a non-Independent Non-Executive Director ('non-INED'). 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 29 years of experience in the property industry and the corporate sector. She was the CEO of Tan & Tan from March 1995, a property development company that was listed on Bursa Securities until Goldis took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan and Goldis. She is presently the Executive Chairman and CEO of Goldis. She also sits on the Boards of KrisAssets, Macro Kiosk Berhad and Tan & Tan. She is a member of the World Presidents' Organisation, Malaysia Chapter and a board member of Kuala Lumpur Business Club Advisory Council.

PROFILE OF DIRECTORS
(continued)

TONY TAN @ CHOON KEAT

Mr Tony Tan @ Choon Keat, aged 62, is a non-INED. He was appointed to the Board on 15 July 2003 and is a member of AC.

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 MD of Parkway Holdings Limited, Singapore until 2000 and Deputy Chairman until his retirement in 2005. He is the Chairman of Island Hospital Sdn Bhd and an ED of Napier Properties Pte Ltd.

PAULINE TAN SUAT MING

Mdm Pauline Tan Suat Ming, aged 65, is a non-INED. 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 Member of the Malaysian Institute of Chartered 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 ED in 1976 and Wah Seong group of companies in 1983.

She is also a director of WSCB and Goldis.

TAN KAI SENG

Mr Tan Kai Seng, aged 59, is an INED. He joined the Board on 15 July 2003 and was appointed the AC Chairman on 26 May 2010.

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, Singapore, from 1988 until his retirement in 2005.

He is also a director of Kian Ho Bearings Ltd which is listed on Singapore Exchange Securities Trading Limited.

YEOH CHONG SWEE

Mr Yeoh Chong Swee, aged 67, is an INED. He was appointed to the Board on 1 June 2004, and is a member of Audit, Remuneration and Nomination Committees.

He is a Chartered Secretary and a Fellow Member of the Australian and Malayan Institute of Taxation and a Fellow Member of the Association of Accounting Technicians, United Kingdom. He was the MD and CEO of Deloitte KassimChan Tax Services Sdn Bhd and Deloitte Touche Tohmatsu Tax Services Sdn Bhd from 1977 to 2004. He is presently the Vice-Chairman of Tricor Services (Malaysia) Sdn Bhd.

CHUA SENG YONG

Mr Chua Seng Yong, aged 48, is the Executive Assistant to the Group MD. He joined IGB as Financial Controller in 1994 and has more than 26 years experience in the property and hotel industry. He was appointed the alternate Director to the Group MD 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.

DANIEL YONG CHEN-I

Mr Daniel Yong Chen-I, aged 39, was appointed the alternate Director to Pauline Tan Suat Ming on 6 April 2011.

He is a law graduate from the University of Bristol, England. He joined Mid Valley City Sdn Bhd ('MVC') in 1999 as a member of the pre-opening retail development team. He was appointed an ED of MVC in 2003 and is responsible for overseeing the management and operation of Mid Valley Megamall. His prior work experience includes the development of bespoke systems with BYG Systems Ltd in England and Operational Management with Wah Seong Engineering Sdn Bhd, the distributor and manufacturer for Toshiba Elevator and Escalator in Malaysia.

He is a non-INED in KrisAssets.

Notes:
1 All Directors are Malaysian except Tan Kai Seng, who is a Singaporean.
2 Save for Robert Tan Chung Meng, Tan Boon Seng, Tan Lei Cheng, Tan Boon Lee, Pauline Tan Suat Ming, Tony Tan @ Choon Keat and Daniel Yong Chen-I, the Directors have no family relationship with any Director and/or major shareholder of the Company.
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.

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to report that the Group continued to deliver a sound financial performance for the year ended 31 December 2010.

FINANCIAL RESULTS

The Group achieved a profit before taxation of RM277.9 million for the financial year ended 31 December 2010, an increase of RM56.4 million or 25% from the previous financial year mainly due to improved results from the Property Development and Property Investment & Management divisions. The revenue contribution from the Property Investment & Management division was RM425.8 million, Hotel RM202.5 million, Property Development RM71.3 million and Others RM19.8 million.

The Group remains financially sound with net cash of RM614.8 million. The Group continues to look for opportunities to increase our involvement in the core business of the Group.

DIVIDEND

During the year under review, the Company declared an interim dividend payment of 2.5 sen per share less tax totaling RM27.2 million which was paid on 8 April 2011. In addition, a share dividend of one (1) treasury share for every one hundred (100) existing ordinary shares of RM0.50 each was credited into the shareholders' central depository system ('CDS') account on 8 April 2011. The share dividend involved the distribution of 14,528,233 treasury shares.

PROPERTY DEVELOPMENT

Following IGB's acquisition of the remaining equity in Nova Pesona Sdn Bhd (which IGB had held 50% + 1 share), this led to the Group having 129 acres for development.

All 41 units of three and four-storey gated and guarded strata villas at Garden Manor in Sierramas were sold out following its preview. Work on the 3.59-acre development is progressing well and on target for delivery in 2012. Across town, Seri Ampang Hilir in Ampang, a 10-storey 40-unit condominium was launched in May 2010. Sales have reached an encouraging 82% and the development is expected to be fully sold by completion. Two other prominent developments in their respective locality, One Jelatek Condominium and Hampshire Place Residences, were delivered in August and December 2010. For the Kundang development in Rawang, Selangor Darul Ehsan, 85 double-storey terrace homes were launched in April 2010 and take up to date is 87%. Delivery is expected in early 2012.

For the eighth consecutive year, IGB was among The Edge's Top Ten Property Developers Awards 2010 recipients.

PROPERTY INVESTMENT & MANAGEMENT - RETAIL

The Gardens Mall's 4th year saw the conclusion of its first round of tenancy renewals. With overall tenant sales figures improving 21% over the previous year's, The Gardens Mall continued to attract high disposable income shoppers through a better tenancy mix and strong loyalty and advertising & promotions ('A&P') campaigns. Occupancy reached 98% with 129 tenancies renewed and 35 new tenants secured. The latter included Arteflor, Burt's Bees, Degem, Dome, Hoi Ting Tong, Iwannagohome!, Just B, the 3rd Louis Vuitton store, Mulberry, TGIF and Uluwatu. Upgrading works to the lift lobbies and Riverside entrance were also carried out to enhance customer experience. In addition, A&P programmes such as monthly in-house campaigns and major promotions during Fashion Week and the festive seasons, contributed to increased visitors.

Meanwhile, in the increasingly competitive retail landscape, the 11-year old Mid Valley Megamall ('Megamall') remained a prime retail player with 99.86% occupancy. Besides the renewal of 135 tenancies, 25 new local and international names were added to an already exciting line-up of specialty stores across all product categories and with a wide assortment of carts and kiosks; these included Boost Juice, Brotzeit, Bysi, Cache Cache, Citibank, Decleor Paris, Galactic Laser, Gardens Lifestyle Store and Cafe, Habib, Heart Attack, Lavender, Money Me, MyNews.com, OKU Dobi, Pao Xiang Bak Kut Teh, Reminisce, 7-Eleven, S&J, Spoon, Sushi Q, The Library, The Kopitiam, VHobby, Yoshido Shokudo and Zero To Ten. Our versatile marketing concepts again won peer acknowledgement when the Megamall's Alice in Wonderland promotion was nominated a finalist in the 2010 ICSC (International Council of Shopping Centers, Inc) Asia Shopping Centre Awards Competition.

LETTER TO SHAREHOLDERS
(continued)

HOTEL

The Hotel division's revenue increased by 31% to RM202.5 million compared with RM155.2 million in 2009. In general, the local hotels performed better this year. Currently at 3,523, the local room inventory is expected to increase to 4,531 in 2013 on completion of the remaining 20 suites at The Gardens Residences and planned hotels in Penang and Ipoh.

The 242-suite MiCasa All-Suite Hotel in Kuala Lumpur became fully operational in March 2010. Earthworks and foundation works for the 423-room St Giles Hotel Penang and 275-key Cititel Express Penang commenced in the first quarter of 2011 with openings targeted for 2013.

The performance of the overseas properties was mixed with St Giles London and MiCasa Yangon achieving better results while Ho Chi Minh City's New World Hotel dipped slightly compared with 2009. During the year, 3 new hotels were added to the St Giles brand, namely, St Giles Tuscany and St Giles Court, both in New York, USA, in April 2010 and St Giles Makati in Manila, The Philippines, in July 2010. The total room inventory for St Giles now stands at 1,808. Together with New World Ho Chi Minh City, Vietnam, and MiCasa Yangon in Myanmar, the total overseas room inventory is more than 2,500 keys.

PROPERTY INVESTMENT & MANAGEMENT - OFFICE

Rental revenue from office buildings met our 2010 expectations with a contribution of RM105.8 million compared with RM94.8 million in the previous year. Most properties under its management maintained an average occupancy rate of above 90%.

The high occupancy for the office spaces in Mid Valley City also directly contributed to the Group's other activities via continuing business opportunities and providing a stable customer base for our retail and hospitality activities.

CONSTRUCTION

Construction recorded a turnover of about RM31 million.

Projects concluded during the year were the Bangsar U-turn Linkage traffic dispersion package and Smoke & Fire Club at Mid Valley City. On-going major projects include the fitting-out of the top two levels of The Gardens Residences, upgrading works to Menara IGB at Mid Valley City, refurbishment of Menara Tan & Tan on Jalan Tun Razak, Kuala Lumpur, and a new extension block to the Gleneagles Medical Centre Pulau Pinang.

CORPORATE SOCIAL RESPONSIBILITY ('CSR')

IGB Corporation Berhad, in collaboration with the Dato' Tan Chin Nam Foundation Scholarship Programme, continued to lend a helping hand to the community, especially the poor and the needy. As part of an on-going commitment to encourage more bright students from underprivileged families to achieve their dreams of obtaining a university degree, 12 full scholarships and cash grants amounting to RM330,000 were disbursed at a ceremony officiated by Dato' Tan Chin Nam on 13 August 2010. As with previous recipients, each scholar has been assigned a senior management staff as mentor to provide guidance, counseling and support during the course of their studies and their career paths upon graduation; this includes the possibility of job placement within the IGB Group.

For The Gardens Mall and Megamall, it was a full CSR calendar with the initiation of several major campaigns. In partnership with Estee Lauder Group of Companies in Malaysia, the Beautiful Earth Campaign was launched to create awareness of the importance of mangrove plants in protecting the environment. The project resulted in 3,450 new trees being planted at the Kuala Selangor Nature Park. To support breast cancer awareness, the two malls joined forces with HSBC Bank Malaysia and ACP Magazines' international titles; *Harper's BAZAAR*, *The Malaysian Women's Weekly*, *CLEO* and *Cosmopolitan*, for the inaugural 'Pink Shopping Night'. This, together with contribution from over 60 tenants who donated part of their sales proceeds from the evening, raised RM24,180.85 for the Breast Cancer Welfare Association.

The less fortunate and underprivileged were also remembered during the major festivals. 60 senior citizens from Rumah Charis and Rumah Caring enjoyed a pampering day out including a '*loh sang*' (mixing for prosperity) lunch and were presented with an '*ang pow*' (red packet) each to celebrate the Chinese Lunar New Year of the Rabbit. For Hari Raya Adil-Fitri and Christmas, children were the beneficiaries. The former saw 30 young residents from the Pertubuhan Kebajikan Anak-Anak Yatim dan Miskin Sungai Pinang on a fun-filled outing at Mid Valley City that concluded with a '*buka puasa*' (breaking of fast) at the Boulevard Hotel and Cititel Mid Valley while the annual 'Come-Meet-Santa' fund raising benefited The Stepping Stones Living Centre, Taman Seputeh, Kuala Lumpur.

THE YEAR AHEAD

With the 129 acres of prime development land in our land bank, together with the Kundang development in Rawang, Property Development should see increased activity in the coming years. The Group already has on the drawing board two projects with a combined GDV of RM426 million. One project, tentatively named G Residence, is a mixed development located along Jalan Kampung Pandan overlooking Lingkungan U-Thant. Comprising two 23-storey towers with 475 service apartments and a retail podium with F&B outlets, this development is scheduled to be launched by the third quarter of 2011. The other planned development is a 166-unit condominium along Jalan Tun Razak which is awaiting approvals from the relevant authorities.

LETTER TO SHAREHOLDERS
(continued)

Following the successful acquisition and rebranding of two hotels in New York, USA, into St Giles Tuscany and St Giles Court, the Group will continue to explore opportunities to expand our hospitality footprint.

Despite the challenging market environment and strong competition, we are confident Property Investment & Management will continue to be a major contributor to Group revenue. The consistent delivery of quality products and services should ensure our office portfolio continues to report strong recurring income.

Construction will continue to support the Group's activities, in particular in Mid Valley City. Its main focus in the coming months will be Mid Valley City Phase 3. This last phase of the Mid Valley City development has been planned as a commercial development with an office and a retail building with an estimated gross built-up area of more than 1,000,000 sq ft.

THANKS & APPRECIATION

Datuk Abdul Habib bin Mansur resigned on 6 December 2010 after seven and a half years as a Non-Independent Non-Executive Director. On behalf of the Board, we wish to express our sincere appreciation and gratitude to Datuk Abdul Habib for his invaluable contribution and services to the Group.

ACKNOWLEDGEMENT

On behalf of the Board, we wish to express our thanks and appreciation to the management and staff for their dedication and commitment in the performance of their duties during the year, to the relevant authorities for their continuing cooperation and assistance and to our shareholders, investors and business partners for their support and contributions to the Group's achievements. We wish also to record our thanks to our fellow Directors for their advice and support.

TAN SRI ABU TALIB BIN OTHMAN
Independent Non-Executive Chairman

ROBERT TAN CHUNG MENG
Group Managing Director

20 April 2011

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 of IGB ('the Board') 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 15.25 of the MMLR. The corporate governance practices that were in place during the financial year ended 31 December 2010 ('FY2010') are set out below:

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 as at the date of this statement comprises 9 members; 6 NEDs and 3 EDs, with 3 of the 6 NEDs 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. A brief profile of each Director is presented in the Profile of Directors.

The roles of the Chairman and the Group MD are distinct and separate to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Group MD has overall responsibility for the day-to-day management of the Group and together with the EDs ensure that strategies, policies and matters approved by the Board and/or the Exco 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.

The Board has not found it necessary to designate a senior INED to whom concerns may be conveyed, mainly because the Chairman encourages full deliberation of issues affecting the Group by all Board members.

(3) Board Meetings and Access to Information

The Board meets at least 4 times a year, with special meetings convened as warranted by specific circumstances. During FY2010, 4 Board meetings were held and all Directors have complied with the requirements in respect of board meeting attendance as provided in the Articles. The attendance record of each Director was as follows:

	Number of meetings attended	Percentage of attendance
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 (retired on 26 May 2010)	2	50
Tan Lei Cheng	3	75
Pauline Tan Suat Ming	4	100
Tony Tan @ Choon Keat	4	100
Tan Kai Seng	4	100
Yeoh Chong Swee	4	100
Datuk Abdul Habib bin Mansur (resigned on 6 December 2010)	4	100
Chua Seng Yong, Alternate to Robert Tan Chung Meng	4	100

CORPORATE GOVERNANCE STATEMENT
(continued)

Board reports include, among others, information on the Group's operational, financial and corporate issues, divisional performance, budget reports, minutes of Board Committees, statistics of shareholdings, securities transaction of the Directors and substantial shareholders and other related business matters that require Board's deliberation and due approval, are circulated to all Directors ahead of the scheduled meetings to enable the Directors to peruse, obtain additional information and/or seek further explanations or clarification on the matters to be deliberated. In most instances, senior management of the Company as well as external advisers are invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board. In the event of potential conflict of interest, the Director in such a position will make a declaration in the meeting. The Director concerned will then abstain from any decision making process in which he or she has interest in. A record of the Board's deliberations of the issues discussed and conclusions reached in discharging its duties and responsibilities is captured in the minutes of each meeting.

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 regulatory authorities.

Directors have access to all information and records of the Company and also the advice and services of senior management and Company Secretary in furtherance of their duties. They are also permitted to seek independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate.

(4) Board Committees

The Board has entrusted specific responsibilities to several Board Committees, which operate within defined terms of reference. At each Board meeting, the minutes of the Board Committees are presented to the Board for information. The respective Committees' chairmen will also report to the Board on the key issues deliberated by the Board Committees at its meeting. The composition of the Board Committees, their attendance at the Committees' meetings and terms of reference were as follows:

(a) Exco

The Exco comprises 2 EDs, the Group MD and a non-INED, namely Mr Tan Boon Seng (Chairman), Mr Robert Tan Chung Meng, Mr Tan Boon Lee and Mdm Pauline Tan Suat Ming. Exco has full authority as delegated by the Board to oversee the conduct of the Group's businesses or existing investments and to review and/or implement strategic plans for the Group with restricted authority given by way of limits determined by the Board, and to undertake such functions and all matters as may be approved or delegated by the Board from time to time.

Exco meets regularly to review the management's reports on progress of business operations as well as to assess and approve management's recommendations on key issues including acquisitions, divestments, restructuring, funding and capital expenditure. Major investment decisions and management's proposals above certain limits are reserved for decision by the Board upon recommendation of Exco. 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. In attendance are the Divisional Heads, Chief Financial Officer and Company Secretary.

Exco met 4 times in FY2010 which was attended by all members.

(b) AC

The AC is currently made up of 3 INEDs, and a non-INED. Mr Tan Kai Seng chairs the AC. The other 3 members are Tan Sri Abu Talib bin Othman, Mr Yeoh Chong Swee and Mr Tony Tan @ Choon Keat. With an independent component of 75% and comprised of NEDs, the composition of AC is fully compliant with the Code and the MMLR.

AC holds quarterly meetings to review matters including the Group's financial reporting, the audit plans for the year, related party transactions as well as to deliberate the reports of the internal and external auditors.

AC meetings are scheduled prior to Board meetings and the minutes of AC proceedings are presented to the Board for notification.

AC Chairman would inform the Directors at Board meetings, of any salient matters noted by AC and which require the Board's notice and direction.

The terms of reference and the activities carried out by AC during FY2010 are set out in the AC Report.

(c) Nomination Committee ('NC')

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

NC recommends suitable candidates for appointments to the Board, including Committees of the Board. NC also evaluates the performance of the Board, its Committees and individual Directors on an annual basis, as well as reviews Directors who are due for re-election/re-appointment at the Company's AGM. NC met once in FY2010 which was attended by all members.

CORPORATE GOVERNANCE STATEMENT
(continued)

(d) Remuneration Committee ('RC')

The RC comprises 2 INEDs and the Group MD, namely Tan Sri Abu Talib bin Othman (Chairman), Mr Yeoh Chong Swee and Mr Robert Tan Chung Meng. RC recommends the framework on terms of employment of and on all elements of the remuneration of the Group MD and EDs and is also authorised to review and approve the annual salary increments and bonuses of the Group MD, EDs and key senior management officers of the Group. RC also reviews annually the remuneration to be paid to each NED for his services as a member of the Board as well as the Committees of the Board and thereupon recommends to the Board for approval. RC met twice in FY2010 which was attended by all members.

(e) Risk Management Committee ('RMC')

The RMC comprises the members of Exco. 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 Committee ('SC')

The SC comprises the Group MD and 2 EDs, namely Mr Robert Tan Chung Meng, Mr Tan Boon Seng and Mr Tan Boon Lee. SC is responsible for regulating and approving securities transactions and registrations, and for implementing, allocating and administering employee share option scheme and the share buy-back of the Company.

(5) Appointment and Re-election of Directors

Appointments to the Board are the responsibility of the full Board on the recommendation of NC.

The Company's Articles provides that all Directors should submit themselves for re-election at least once every 3 years in compliance with the MMLR. The Articles also provides 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.

During FY2010, there were no new appointment to the Board. In accordance with the MMLR, each member of the Board holds not more than 10 directorships in public listed companies ('PLCs') and not more than 15 directorships in non-PLCs.

The NC has recommended that the Directors retiring under the Act /Articles at the 47th AGM be nominated for re-appointment/ re-election and the Board has accepted the recommendation.

The names and details of Directors seeking re-appointment/re-election at the 47th AGM are disclosed in Notice of Annual General Meeting and Profile of Directors.

(6) Directors' Training

During FY2010, all Directors had attended various training programmes/seminars/conferences which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors, covering areas that included corporate governance, relevant industry updates and global business developments. The Directors had attended/ participated in one or more of the following training programmes/seminars/conferences in 2010:

- 2011 Budget Talk and Accounting Standard Updates
- The Non-Executive Director Development Series – Is it worth the risk?
- Dawn of the new decade – Alternative investments in Asia
- How to win friends and influence people in business
- Tax and Corporate
- SGX Listed Companies Development Programme – Understanding the regulatory environment in Singapore : What every director ought to know?

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 Group MD and EDs, the components of Directors' remuneration are structured on the basis of linking rewards to corporate and individual performance. Performance is measured against profits and other targets set from the Company's annual budget and plans. For NEDs, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual NED concerned. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are also taken into consideration in determining the remuneration packages for the Directors. The fees payable to NEDs are determined by the Board with the approval of shareholders at AGM. All NEDs are paid meeting allowance for attending each Board or Committee meeting. The Directors do not participate in decision regarding their own remuneration packages.

CORPORATE GOVERNANCE STATEMENT
(continued)

Aggregate remuneration of Directors categorised into appropriate components during the year was as follows:

	Salaries & EPF Contribution RM	* Fees & Meeting Allowances RM	** Other Emoluments RM	*** Benefits-in-kind RM	Total RM
EDs	2,300,040	-	1,576,634	89,758	3,966,432
NEDs	-	399,500	84,000	9,690	493,190
Total	2,300,040	399,500	1,660,634	99,448	4,459,622

Notes:
* Directors' Fees and Meeting Allowances include those who had resigned/retired during the financial period under review.
** Other Emoluments include bonuses, incentives and retirement benefits.
*** Benefits-in-kind include rental payments, cars, drivers, club memberships and reimbursement.

Aggregate remuneration of Directors in respective bands of RM50,000 during the year was as follows:

Range of remuneration	EDs	NEDs
Up to RM50,000		7
RM150,001 to RM200,000		1
RM400,001 to RM450,000	1	
RM550,001 to RM600,000	1	
RM600,001 to RM650,000	1	
RM2,300,001 to RM2,350,000	1	

Note:
Details of Directors' remuneration are not shown with reference to Directors individually, both for security and confidentiality reasons. 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.

III. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. In addition to the various announcements made to Bursa Securities, the timely release of quarterly and annual financial results provides shareholders and investing public with an overview of the Group's performance and operations. The Group has a website at www.igbcorp.com from which investors, analysts and shareholders can access information.

The Group conducts regular dialogues, briefings and meetings with investors and financial analysts to provide updates and new developments, based on permissible disclosures. However, information that is price-sensitive or that may be regarded as undisclosed material information about the Group is not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

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 proceedings and ask questions about the resolutions being proposed and corporate developments. The Chairman and the Group MD 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.

IV. ACCOUNTABILITY AND AUDIT

(1) Financial Reporting

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Act and MASB Approved Accounting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates to present a true and fair assessment of the Company's position and prospects. The annual audited financial statements and quarterly announcement of results were reviewed by AC and approved by the Board prior to release to Bursa Securities.

The Statement by Directors made pursuant to Section 169(15) of the Act is set out on page 101 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT
(continued)

(2) Internal Control

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Directors are aware that the Group's system is designed to manage rather than eliminate risks and therefore cannot provide absolute assurance against material misstatements, fraud and loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the Group has in place, an adequately resourced Group Internal Audit ('GIA') Department. The activities of this department which reports to AC provides the Board with much assurance it requires regarding the adequacy and integrity of the system of internal control. As risk management is a significant component of a sound system of internal control, the management has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

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

(3) Relationship with Auditors

The Board maintains a formal and transparent professional relationship with the Group's auditors, both external and internal, through AC. The role of AC in relation to the auditors is described in the AC Report.

The AC has recommended the re-appointment of PwC as auditors of the Company to the Board.

V. ADDITIONAL COMPLIANCE INFORMATION

(1) Material Contracts

There were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests, either subsisting as at 31 December 2010 or entered into since the end of the previous financial year.

(2) Non-audit Fees

The non-audit fees paid to PricewaterhouseCoopers Taxation Services Sdn Bhd for FY2010 amounted to RM238,700 were related to tax compliance and consultancy.

(3) Share Buy-back

During FY2010, the Company purchased a total of 6,944,400 of its ordinary shares of RM0.50 each from the open market at prices ranging from RM1.54 to RM2.01 per share. The total consideration of RM10,826,854-35 were financed by internal generated funds. Details of the Company's share buy-back exercise for the year under review are set out in the Notes to the Financial Statements.

The Company had on 14 February 2011 announced that a share dividend on the basis of one (1) IGB treasury share for every one hundred (100) existing ordinary shares of RM0.50 each held ('Share Dividend') would be distributed in respect of FY2010. The Share Dividend involved the distribution of 14,528,233 treasury shares and had been credited into the entitled Depositors' Securities Accounts on 8 April 2011.

As at the date of this report, IGB held a total of 22,754,367 treasury shares.

(4) Corporate Social Responsibility ('CSR')

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

(5) Recurrent Related Party Transactions ('Recurrent RPTs')

At the last AGM held on 26 May 2010, the Company had obtained the approval for the renewal of shareholders' mandate to allow the Group to enter into Recurrent RPTs.

CORPORATE GOVERNANCE STATEMENT
(continued)

In accordance with Section 3.1.5 of Practice Note No. 12 of the MMLR, the details of Recurrent RPTs conducted pursuant to the shareholders' mandate during FY2010 were as follows:

Related Parties	Nature of Recurrent RPTs with IGB Group	Interested Related Parties	Amount transacted in FY2010 (RM'000)
KrisAssets group of companies ('KrisAssets Group')	▪ 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 & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services ▪ Purchase/supply of building materials, electrical equipment/appliances & related products/services	Robert Tan Chung Meng ('RTCM')[a] Tan Boon Seng ('TBS')[b] Tan Lei Cheng ('TLC')[c] Tan Boon Lee ('TBL')[d] Pauline Tan Suat Ming ('PTSM')[e] Tony Tan @ Choon Keat ('TTCK')[f] Dato' Tan Chin Nam ('DTCN')[g] Daniel Yong Chen-I ('DYCI')[h] Elizabeth Tan Hui Ning ('ETHN')[i] Goldis Berhad ('Goldis')[j] Tan Chin Nam Sdn Bhd ('TCNSB')[k] Tan Kim Yeow Sdn Bhd ('TKYSB')[l] Wah Seong (Malaya) Trading Co. Sdn Bhd ('WSTSB')[m]	12,802
Goldis group of companies ('Goldis Group')	▪ Purchase/procurement of information technology relating to products & 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 & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services	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]	1,320
WSCB group of companies ('WSCB Group')	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum ▪ Purchase/supply of building materials, electrical equipment/appliances & related products/services	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]	524
WSTSB group of companies ('WSTSB Group')	▪ 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 & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services ▪ Purchase/supply of building materials, electrical equipment/appliances & related products/services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any of the percentage ratios in the MMLR	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]	2,357

CORPORATE GOVERNANCE STATEMENT
(continued)

Related Parties	Nature of Recurrent RPTs with IGB Group	Interested Related Parties	Amount transacted in FY2010 (RM'000)
TCNSB	▪ 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 & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any of the percentage ratios in the MMLR	TBS[b] TLC[c] TBL[d] DTCN[g]	1
Jeyaratnam & Chong ('J&C')	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum ▪ Legal advisory & consultancy services	TBS[b] TLC[c] TBL[d] DTCN[g]	247
Mayside Engineering S.A. ('ME')	▪ Provision/receipt of management, consultancy & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services	Antony Patrick Barragry[n]	120
Lamanila Café Sdn Bhd ('LC')	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum	Yeoh Chong Swee[o]	132
Subsidiaries of IGB: ▪ Cititel Hotel Management Sdn Bhd ('CHM') ▪ Tan & Tan Realty Sdn Bhd ('TTR')	▪ 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 & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services ▪ Purchase/supply of building materials, electrical equipment/appliances & related products/services	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]	6,989

Notes:

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

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

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

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

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

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

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

[h] DYCI is alternate to PTSM on the Board of IGB, a Director of IGB Group and KrisAssets Group. He is a son of PTSM.

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

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

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

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

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

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

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

AUDIT COMMITTEE REPORT

I. FORMATION

The AC was established by the Board on 12 April 1994.

II. 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.

III. TERMS OF REFERENCE

AC is governed by the following terms of reference:

(1) Membership

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

(2) Authority

AC has the following authority 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 and documents pertaining to the Group;
(d) direct communication channels with the external and internal auditors, as well as all employees of the Group; and
(e) obtain independent professional advice as necessary.

(3) Responsibilities and Duties

The responsibilities and duties of AC shall be:

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

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

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

- audit plans, scope of their audits and audit reports, including management's response and actions taken;
- evaluation of the system of internal controls; and
- issues and reservations arising from audits.

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

- adequacy of scope, functions, competency and resources of GIA Department and the necessary authority to carry out its work;
- audit plans, programmes and activities;
- programme, processes and results of internal audit reviews or investigation including recommendations and actions taken;
- effectiveness of the system of internal controls;
- major findings of GIA investigations and management's responses and actions;
- assessment of the performance of GIA staff; and
- appointment, replacement and dismissal of senior staff members of GIA Department.

AUDIT COMMITTEE REPORT
(continued)

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

(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 MMLR.

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

(4) Meetings

AC meetings shall be held at least 4 times a year. Other Board members and senior management may attend meetings upon the invitation of AC. At least twice a year, AC shall meet with external auditors without any executive officer of the Group being present. Additional meetings may be held upon request by any AC member, internal or external auditors.

The quorum for AC meeting shall be 2 members present in person and a majority of whom must be INEDs. In the absence of AC Chairman, the members present shall elect a Chairman for the meeting amongst AC members present. AC minutes shall be distributed to the Board, and AC Chairman shall report on key issues to the Board.

IV. COMPOSITION

The members of AC as at the date of this report are as follows:

Tan Kai Seng (INED, AC Chairman; appointed on 26 May 2010)
Yeoh Chong Swee (INED)
Tony Tan @ Choon Keat (non-INED)
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman (INED, retired on 26 May 2010)
Tan Sri Abu Talib bin Othman (INED, appointed on 18 March 2011)

V. MEETINGS AND ATTENDANCE

AC met on 4 occasions during FY2010 and the attendance of each AC member was as follows:

	Number of meetings attended
Tan Kai Seng	4
Yeoh Chong Swee	4
Tony Tan @ Choon Keat	4
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman (retired on 26 May 2010)	2

The Chief Financial Officer, Head of GIA and Company Secretary were present at all AC meetings to present their respective reports to AC. The external auditors, PwC attended 2 AC meetings in 2010 to present the Auditors' Report on the annual financial statements FY2009 and Auditors' Audit Plan FY2010. AC also met alone with PwC twice in 2010 without the presence of the Group MD and management staff to make enquiries in relation to management's co-operation in financial reporting, and the state of affairs of GIA function.

Deliberations during AC meetings including the issues discussed and rationale for decisions were recorded. AC minutes were tabled for confirmation at the subsequent AC meeting and distributed to the Board for notation. AC Chairman also conveyed to the Board matters of significant concern and including those raised by PwC.

VI. SUMMARY OF ACTIVITIES

During the year, AC carried out the following activities:

(1) Financial Reporting

Reviewed and recommended for Board approval the Group's quarterly results and year end financial statements.

AUDIT COMMITTEE REPORT
(continued)

(2) External Audit

(a) Reviewed and approved PwC's audit plan and the scope for the annual audit.
(b) Recommended to the Board the re-appointment and remuneration of PwC.
(c) Reviewed and directed follow-up action, when needed, the findings of PwC on the results of the external audits.
(d) Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with PwC without the presence of the Group MD and management staff.

(3) Internal Audit

(a) Reviewed and approved GIA's annual audit plan 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, operational, compliance and governance processes.

(4) RPTs

Reviewed RPTs that were entered into by the Group.

VII. INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by GIA Department. It reports to AC on its activities based on the approved annual GIA plan. GIA Department adopts a risk-based auditing approach, taking into account global best practices and industry standards. The main role of GIA Department 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, corrective actions and status of implementation of audit recommendations. GIA reports were subsequently tabled to AC for their deliberation.

GIA Department also works collaboratively with senior management to monitor the risk governance framework and the risk management processes of the Group to ensure their adequacy and effectiveness.

The costs incurred for GIA function for FY2010 were RM603,100.

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

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. However, such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material errors, misstatement, losses or fraud.

RISK MANAGEMENT

The RMC, appointed by the Board, comprised members of the Exco. 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. The process also involved the enhancement of the system of internal controls when there are changes to business environment or regulatory guidelines.

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

KEY INTERNAL CONTROL PROCESSES

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

The main elements in the internal control framework included:

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

The GIA function monitors compliance with policies and standards and the effectiveness of the internal control systems. 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. AC receives reports on the function's work and findings and is updated regularly on specific issues.

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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.24 of the MMLR, the external auditors have reviewed this Statement of Internal Control ('IC Statement'). Their review was performed in accordance with Recommended Practice Guide ('RPG') 5 issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this IC Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group. RPG 5 does not require the external auditors to and they did not consider whether this IC Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

STATISTICS OF SHAREHOLDINGS
as at 8 April 2011

Authorised Share Capital	:	RM1,200,000,000
Issued and Paid-up Share Capital	:	RM745,148,003.50 comprising 1,490,296,007 ordinary shares of RM0.50 each (inclusive of 22,754,367 treasury shares)
Voting Rights	:	On show of hands - 1 vote On a poll - 1 vote for each share held

I. SIZE OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	979	25,127	0.00
100 to 1,000	1,716	1,096,859	0.07
1,001 to 10,000	9,697	33,529,108	2.28
10,001 to 100,000	2,476	56,984,387	3.88
100,001 to less than 5% of Issued Shares	423	985,654,061	67.16
5% and above of Issued Shares	2	390,252,098	26.59
Total	**15,293**	**1,467,541,640***	**100.00**

* excluding 22,754,367 shares bought-back by the Company and retained as treasury shares as at 8 April 2011.

II. REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct	% of Issued Shares*	Deemed**	% of Issued Shares*
Goldis Berhad	385,162,716	26.25	20,432,880	1.39
Robert Tan Chung Meng	3,954,717	0.27	510,519,824	34.79
Pauline Tan Suat Ming	1,010,784	0.07	510,541,081	34.79
Tony Tan @ Choon Keat	-	-	510,519,824	34.79
Tan Chin Nam Sdn Bhd	52,537,114	3.58	482,848,924	32.90
Tan Kim Yeow Sdn Bhd	31,164,238	2.12	479,355,586	32.66
Wah Seong (Malaya) Trading Co. Sdn Bhd	50,427,137	3.44	427,089,997	29.10
Employees Provident Fund Board	136,175,957	9.28	-	-

** Deemed to have interests in IGB shares held by other corporations by virtue of Section 6A(4) of the Act and/or family members via Section 134 of the Act.

III. TOP 30 SHAREHOLDERS

	No. of Issued Shares	% of Issued Shares*
1. Goldis Berhad	301,635,716	20.55
2. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	88,616,382	6.04
3. Tan Chin Nam Sendirian Berhad	50,212,094	3.42
4. Mayban Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	48,724,532	3.32
5. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG-BR-TST-ASING)	47,630,041	3.25
6. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA, Singapore (Julius Baer)	46,500,400	3.17

STATISTICS OF SHAREHOLDINGS
as at 8 April 2011
(continued)

III. TOP 30 SHAREHOLDERS

		No. of Issued Shares	% of Issued Shares*
7.	Public Invest Nominees (Asing) Sdn Bhd Exempt AN for Public Bank (Nominees) Limited	45,349,000	3.09
8.	Wah Seong (Malaya) Trading Co. Sdn Bhd	43,618,677	2.97
9.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Goldis Berhad (KLC)	38,178,000	2.60
10.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	32,873,379	2.24
11.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG67 for AIM International Emerging Growth Fund	28,054,871	1.91
12.	Tan Kim Yeow Sendirian Berhad	26,130,146	1.78
13.	M & A Nominee (Asing) Sdn Bhd Montego Assets Limited	22,058,753	1.50
14.	Multistock Sdn Bhd	20,432,880	1.39
15.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for HSBC Private Bank (Suisse) S.A. (Hong Kong AC CL)	19,459,746	1.33
16.	Citigroup Nominees (Asing) Sdn Bhd Citibank International PLC as Trsutee for Standard Life Pacific Basin Trust (CBLDN)	16,642,982	1.13
17.	Amanahraya Trustees Berhad Public Far-East Property & Resorts Fund	13,240,797	0.90
18.	Amanahraya Trustees Berhad Public Sector Select Fund	13,238,676	0.90
19.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	13,132,639	0.89
20.	Mayban Nominees (Asing) Sdn Bhd DBS Bank for Ripley Services Limited (200932)	12,542,483	0.85
21.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for HSBC Private Bank (Suisse) S.A. (SPORE TST AC CL)	11,910,021	0.81
22.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	11,721,990	0.80
23.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (ETP)	10,732,996	0.73
24.	Mayban Nominees (Asing) Sdn Bhd DBS Bank for Timbarra Services Limited (200894)	10,543,996	0.72
25.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. Incorporated (CLIENT)	10,254,631	0.70
26.	Wah Seong Enterprises Sdn Bhd	9,647,231	0.66
27.	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Standard Life Investment Funds	9,084,142	0.62
28.	Pertubuhan Keselamatan Sosial	8,600,930	0.59
29.	SLW Sdn Bhd	8,585,279	0.59
30.	BBL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato Tan Chin Nam (100171)	8,491,276	0.58
	Total	**1,027,844,686**	**70.04**

STATISTICS OF SHAREHOLDINGS
as at 8 April 2011
(continued)

IV. REGISTER OF DIRECTORS' SHAREHOLDINGS IN IGB

Name of Directors	Direct	% of Issued Shares*	Deemed**	% of Issued Shares*
Tan Sri Abu Talib bin Othman	1,398,850	0.10	-	-
Robert Tan Chung Meng	3,954,717	0.27	510,519,824	34.79
Tan Boon Seng	-	-	16,974,842	1.16
Tan Boon Lee	2,924,529	0.20	-	-
Pauline Tan Suat Ming	1,010,784	0.07	510,541,081	34.79
Tan Lei Cheng	1,982,293	0.14	1,707,038	0.12
Tony Tan @ Choon Keat	-	-	510,519,824	34.79
Tan Kai Seng	93,677	0.01	-	-
Yeoh Chong Swee	-	-	54,035	@
Chua Seng Yong	252,506	0.02	-	-
Daniel Yong Chen-I	-	-	-	-

@ Less than 0.01%

V. REGISTER OF DIRECTORS' SHAREHOLDINGS IN KRISASSETS

Name of Directors	Direct	% of Issued Shares#	Deemed##	% of Issued Shares#
Robert Tan Chung Meng	662,730	0.15	333,079,586	76.26
Pauline Tan Suat Ming	-	-	333,079,586	76.26
Tony Tan @ Choon Keat	-	-	333,079,586	76.26
Tan Boon Lee	1,100	@	-	-
Tan Lei Cheng	44,045	0.01	39,916	0.01
Tan Kai Seng	4,743	@	-	-
Chua Seng Yong	325,024	0.07	-	-
Daniel Yong Chen-I	9,949	@	-	-

Based on issued and paid-up share capital of 436,876,253 less 100,000 shares as at 8 April 2011.
Deemed to have interests in KrisAssets shares held by other corporations by virtue of Section 6A(4) of the Act.

VI. REGISTER OF DIRECTORS' WARRANT HOLDINGS IN KRISASSETS

Name of Directors	Direct	% of Warrants+	Deemed++	% of Warrants+
Tan Sri Abu Talib bin Othman	66	@	-	-
Robert Tan Chung Meng	-	-	242,747	6.46
Pauline Tan Suat Ming	16,268	0.43	242,747	6.46
Tony Tan @ Choon Keat	-	-	242,747	6.46
Chua Seng Yong	40,587	1.08	-	-

+ Outstanding Warrants as at 8 April 2011 was 3,760,413.
++ Deemed to have interests in KrisAssets Warrants held by other corporations by virtue of Section 6A(4) of the Act.

LIST OF TOP TEN MAJOR PROPERTIES BY VALUE

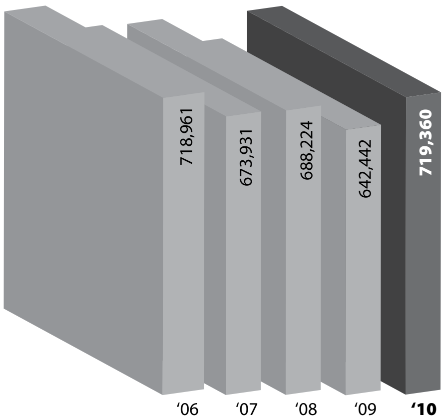
held by IGB Group as at 31 December 2010

	Location	Tenure	Age of Building (Years)	Description/ Existing use	Date of Acquisition/ Revaluation	Net Book Value As At 31 Dec 2010 RM'000
1	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	4	Shopping complex known as The Gardens Mall together with approximately 4,128 car parking bays	28-12-2004	602,851
2	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	11	Shopping complex known as Mid Valley Megamall together with approximately 5,917 car parking bays	17-12-1999	443,671
3	386 Jalan Tun Razak Kuala Lumpur	Freehold	21	245-keys MiCasa All Suite Hotel	24-11-2010	167,842
4	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	5	390-rooooms Boulevard Hotel at Mid Valley City	31-12-2010	164,568
5	Lot 15256 Mukim of Labu District of Seremban Negeri Sembilan	Freehold	-	344.0 hectares vacant land approved for mixed development	31-1-2002	144,200
6	Mid Valley City ingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	3	627-keys The Gardens Hotel and Residences at Mid Valley City	28-12-2004	154,247
7	Mid Valley City ingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	3	426,000sf office space at The Gardens North Tower	28-12-2004	140,293
8	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	3	401,000sf office space at The Gardens South Tower	28-12-2004	136,873
9	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	11	646-rooms Cititel Hotel Mid Valley	27-3-2006	96,802
10	Teluk Belaga Pangkor Island	Freehold	25	250-rooms hotel known as "Pangkor Island Beach Resort"	24-12-2006	83,493

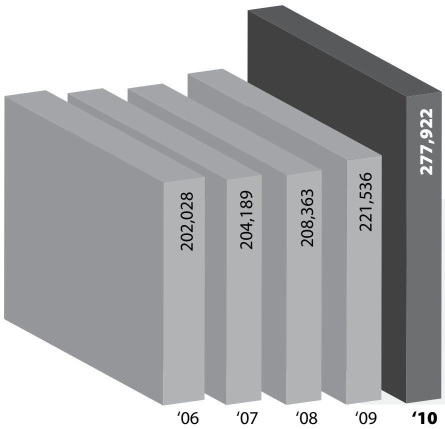
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

		2006	2007	2008	2009	2010
REVENUE	RM '000	718,961	673,931	688,224	642,442	**719,360**
PROFIT BEFORE TAX	RM '000	202,028	204,189	208,363	221,536	**277,922**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	RM '000	135,915	136,851	154,960	158,978	**174,617**
ISSUED SHARE CAPITAL (RM0.50)	RM '000	732,523	744,862	745,148	745,148	**745,148**
SHAREHOLDERS' FUNDS	RM '000	2,477,603	2,639,601	2,688,381	2,856,493	**3,105,589**
TOTAL ASSETS	RM '000	3,861,714	4,342,096	4,450,094	4,467,175	**4,685,846**
EARNINGS PER SHARE (Basic)	sen	9.3	9.3	10.5	10.9	**12.0**
NET ASSETS PER SHARE	RM	1.8	1.8	1.9	2.0	**2.1**
GROSS DIVIDENDS PER SHARE	sen	2.5	2.5	2.5	2.5	**2.5**
DIVIDEND RATE	%	5.0	5.0	5.0	5.0	**5.0**

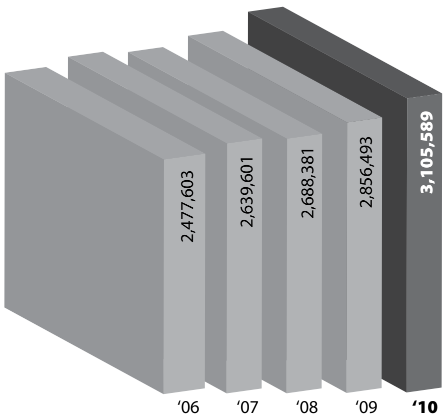
REVENUE (RM'000)



PROFIT BEFORE TAX (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



Reports and Financial Statements

Contents

DIRECTORS' REPORT
for the financial year ended 31 December 2010

The Directors are pleased to present their report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2010.

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, owner and operator of malls, hotel operations, 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 Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

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

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

Financial results

	Group	Company
	RM'000	RM'000
Profit for the financial year	199,956	41,814
Attributable to:		
Equity holders of the Company	174,617	41,814
Minority interest	25,339	-
	199,956	41,814

Dividends

On 14 February 2011, the Directors declared an interim dividend in respect of the financial year ended 31 December 2010 of 5% less tax at 25% which was paid on 8 April 2011 to every member who is entitled to receive the dividend as at 4.00 pm on 15 March 2011.

On 14 February 2011, the Directors also declared a dividend in respect of the financial year ended 31 December 2010 by way of distribution of tax-exempt share dividend on the basis of one (1) treasury share for every one hundred (100) existing shares held at 4.00 p.m. on 15 March 2011. The share dividend involved the distribution of 14,528,233 treasury shares which were credited into the entitled Depositors' Securities Accounts on 8 April 2011.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2010.

Reserves and provisions

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

Treasury shares

In the current financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 26 May 2010, 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.

DIRECTORS' REPORT
for the financial year ended 31 December 2010
(continued)

Treasury shares (continued)

During the financial year, the Company repurchased 6,944,400 of its own shares from the open market for RM10,826,854. The average purchase price for the shares repurchased was RM1.56 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 purchase cost. 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.

At the reporting date, the number of treasury shares held was 37,282,600 (2009:30,338,200) ordinary shares of RM0.50 each.

Significant events after reporting date

(a) On 14 October 2010, KrisAssets Holdings Berhad ("KrisAssets"), a subsidiary of the Company announced to Bursa Malaysia that it will issue RM300 million nominal value 7-year redeemable convertible secured bonds ("RCSB"). The transaction was approved by Bursa Malaysia and Securities Commission on 2 November 2010 and 2 December 2010 respectively. The subscription agreement was signed on 11 January 2011 and the RCSB was issued on 30 March 2011.

(b) On 25 March 2011, the Board of Directors announced to Bursa Malaysia that the Company has entered into a conditional share sale agreement with KrisAssets on the proposed disposal of 100% equity interest in Mid Valley City Gardens Sdn Bhd for a cash consideration of RM215.7 million. The proposed disposal is pending fulfillment of conditions precedent, and is expected to be completed by third-quarter of 2011.

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
Tony Tan @ Choon Keat
Tan Kai Seng
Yeoh Chong Swee
Chua Seng Yong (alternate to Robert Tan Chung Meng)
Daniel Yong Chen-I (alternate to Pauline Tan Suat Ming) (appointed on 6 April 2011)
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman (retired on 26 May 2010)
Datuk Abdul Habib Bin Mansur (resigned on 6 December 2010)

In accordance with Article 85 of the Company's Articles of Association, Tan Boon Seng retires by rotation at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

In accordance with Article 86 of the Company's Articles of Association, 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 Abu Talib Bin Othman, being over seventy years of age, retires in accordance with Section 129(2) of the Companies Act, 1965 and offers himself for re-appointment under Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' REPORT
for the financial year ended 31 December 2010
(continued)

Directors' interests

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares 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 2010	**Addition**	**Disposal**	**31 December 2010**
Tan Sri Abu Talib Bin Othman				
Direct	1,385,000	-	-	**1,385,000**
Robert Tan Chung Meng				
Direct	3,915,562	-	-	**3,915,562**
Indirect	499,966,578	5,698,600	(200,000)	**505,465,178**
Tan Boon Seng				
Indirect	16,104,975	701,800	-	**16,806,775**
Tan Boon Lee				
Direct	2,895,574	-	-	**2,895,574**
Tan Lei Cheng				
Direct	1,962,667	-	-	**1,962,667**
Indirect	1,690,137	-	-	**1,690,137**
Pauline Tan Suat Ming			-	
Direct	1,000,777	-	-	**1,000,777**
Indirect	499,966,578	5,719,647	(200,000)	**505,486,225**
Tony Tan @ Choon Keat				
Indirect	499,966,578	5,698,600	(200,000)	**505,465,178**
Tan Kai Seng				
Direct	92,750	-	-	**92,750**
Yeoh Chong Swee				
Indirect	53,500	-	-	**53,500**
Chua Seng Yong				
Direct	6	150,000	(149,000)	**1,006**

In KrisAssets Holdings Berhad (subsidiary)	**Number of ordinary shares of RM0.50 each**			
	1 January 2010	**Addition**	**Disposal**	**31 December 2010**
Robert Tan Chung Meng				
Direct	-	662,730	-	**662,730**
Indirect	247,529,056	85,973,330	-	**333,502,386**
Tan Boon Lee				
Direct	1,100	-	-	**1,100**
Tan Lei Cheng				
Direct	-	44,045	-	**44,045**
Indirect	-	39,916	-	**39,916**
Pauline Tan Suat Ming				
Indirect	247,529,056	85,973,330	-	**333,502,386**
Tony Tan @ Choon Keat				
Indirect	247,529,056	85,973,330	-	**333,502,386**
Tan Kai Seng				
Direct	4,743	-	-	**4,743**
Chua Seng Yong				
Direct	21,724	80,200	(71,100)	**30,824**

DIRECTORS' REPORT
for the financial year ended 31 December 2010
(continued)

Directors' interests (continued)

In KrisAssets Holdings Berhad (subsidiary)	**Number of warrants 2006/2011** 1 January 2010	Addition	Disposal/ Conversion	31 December 2010
Tan Sri Abu Talib Bin Othman				
Direct	66	-	-	**66**
Robert Tan Chung Meng				
Direct	662,730	-	(662,730)	**-**
Indirect	86,216,077	-	(85,973,330)	**242,747**
Tan Lei Cheng				
Direct	44,045	-	(44,045)	**-**
Indirect	39,916	-	(39,916)	**-**
Pauline Tan Suat Ming				
Direct	16,268	-	-	**16,268**
Indirect	86,216,077	-	(85,973,330)	**242,747**
Tony Tan @ Choon Keat				
Indirect	86,216,077	-	(85,973,330)	**242,747**
Chua Seng Yong				
Direct	87	299,800	(15,000)	**284,887**

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

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

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

DIRECTORS' REPORT
for the financial year ended 31 December 2010
(continued)

Statutory information on the financial statements (continued)

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.

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; and

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

Auditors

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

Signed in accordance with a resolution of the Directors dated 12 April 2011.

Robert Tan Chung Meng
Managing Director

Tan Kai Seng
Director

INCOME STATEMENTS
for the financial year ended 31 December 2010

		Group		Company	
		2010	**2009**	**2010**	**2009**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	5	**719,360**	642,442	**83,384**	104,831
Cost of sales		**(259,979)**	(281,589)	**(1,168)**	(1,078)
Gross profit		**459,381**	360,853	**82,216**	103,753
Other operating income		**33,885**	47,030	**3,720**	61,117
Administrative expenses		**(179,547)**	(151,432)	**(23,840)**	(26,530)
Other operating expenses		**(23,953)**	(16,371)	**(17,218)**	(1,753)
Profit from operations	6	**289,766**	240,080	**44,878**	136,587
Finance income	8	**17,158**	10,765	**14,038**	23,307
Finance costs	8	**(53,753)**	(57,142)	**(11,829)**	(17,567)
Share of results of associates		**24,751**	27,833	**-**	-
Profit before tax		**277,922**	221,536	**47,087**	142,327
Tax expense	9	**(77,966)**	(42,316)	**(5,273)**	(14,761)
Profit for the financial year		**199,956**	179,220	**41,814**	127,566
Attributable to:					
Equity holders of the Company		**174,617**	158,978	**41,814**	127,566
Minority interests		**25,339**	20,242	**-**	-
Profit for the financial year		**199,956**	179,220	**41,814**	127,566
Earnings per ordinary share (sen)					
- Basic	10	**11.99**	10.85		
Gross dividends per ordinary share for the financial year (sen)	11	**2.50**	2.50	**2.50**	2.50

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2010

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the financial year	**199,956**	179,220	**41,814**	127,566
Other comprehensive income:				
Exchange differences on translating foreign operations				
- Equity holders	**(24,408)**	13,872	**-**	-
- Minority interests	**734**	694	**-**	-
Share of an associate's realisation of revaluation surplus on property, plant and equipment	**(238)**	-	**-**	-
Surplus on revaluation of hotel properties	**162,668**	9,041	**-**	-
Deferred tax on revaluation surplus in hotel properties	**(29,058)**	(310)	**-**	-
Total comprehensive income for the financial year	**309,654**	202,517	**41,814**	127,566
Attributable to:				
Equity holders of the Company	**283,581**	181,581	**41,814**	127,566
Minority interests	**26,073**	20,936	**-**	-
	309,654	202,517	**41,814**	127,566

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2010

		Group			Company	
			31 December	Restated* 1 January		
		2010	2009	2009	2010	2009
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Capital and reserves attributable to equity holders of the Company						
Share capital	12	**745,148**	745,148	745,148	**745,148**	745,148
Share premium	13	**427,221**	427,221	427,221	**427,221**	427,221
Revaluation and other reserves	15	**437,827**	353,451	332,206	**-**	-
Treasury shares	14	**(59,301)**	(48,474)	(35,005)	**(59,301)**	(48,474)
Retained earnings	16	**1,554,694**	1,379,147	1,218,811	**1,494,814**	1,479,962
		3,105,589	2,856,493	2,688,381	**2,607,882**	2,603,857
Minority interests		**149,613**	114,908	90,616	**-**	-
Total equity		**3,255,202**	2,971,401	2,778,997	**2,607,882**	2,603,857
Non-current assets						
Property, plant and equipment	19	**948,877**	829,036	759,360	**3,767**	5,027
Land held for property development	20(a)	**277,564**	267,152	256,641	**8,717**	8,261
Investment properties	21	**1,750,583**	1,663,106	1,727,615	**-**	-
Long term prepaid lease	22	**4,186**	4,830	5,152	**-**	-
Investments in subsidiaries	23	**-**	-	-	**1,989,819**	1,907,058
Investments in associates	24	**544,230**	550,724	542,348	**128,382**	128,382
Available-for-sale financial assets	26	**6,152**	6,212	6,212	**2,041**	2,062
Deferred tax assets	18	**9,209**	14,875	10,522	**-**	-
		3,540,801	3,335,935	3,307,850	**2,132,726**	2,050,790
Current assets						
Property development costs	20(b)	**144,455**	95,769	93,565	**-**	-
Inventories	27	**64,809**	65,377	67,625	**38,224**	38,224
Financial assets at fair value through profit or loss	28	**60,438**	60,046	37,556	**60,438**	60,046
Trade and other receivables	29	**93,215**	129,099	158,504	**31,888**	36,715
Amounts owing by subsidiaries	30	**-**	-	-	**279,668**	314,291
Amounts owing by associates	31	**130,663**	121,090	118,920	**109,291**	98,337
Amount owing by a jointly controlled entity	35	**11,071**	-	5,869	**-**	-
Tax recoverable		**11,637**	13,606	4,067	**5,231**	4,270
Cash held in Housing Development Accounts	32	**47,901**	51,864	94,795	**16,284**	11,814
Cash and bank balances	33	**580,856**	594,389	561,343	**218,237**	240,489
		1,145,045	1,131,240	1,142,244	**759,261**	804,186
Less: Current liabilities						
Trade and other payables	34	**404,447**	365,145	437,813	**28,672**	30,128
Amounts owing to subsidiaries	30	**-**	-	-	**55,433**	20,991
Amounts owing to associates	31	**26,321**	25,583	24,386	**-**	-
Amount owing to a jointly controlled entity	35	**-**	3,417	-	**-**	-
Borrowings	17	**252,197**	83,491	122,781	**-**	-
Current tax payable		**23,394**	14,266	14,751	**-**	-
		706,359	491,902	599,731	**84,105**	51,119
Net current assets		**438,686**	639,338	542,513	**675,156**	753,067
Less: Non-current liabilities						
Trade and other payables	34	**30,728**	30,482	35,515	**-**	-
Borrowings	17	**580,000**	891,354	954,305	**200,000**	200,000
Deferred tax liabilities	18	**113,557**	82,036	81,546	**-**	-
		724,285	1,003,872	1,071,366	**200,000**	200,000
		3,255,202	2,971,401	2,778,997	**2,607,882**	2,603,857

* *2009 figures have been restated to reflect the adoption of improvements to FRS 117 effective from 1 January 2010 (see Note 41) relating to the classification of leases of land.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2010

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	Share premium RM'000	Revaluation and other reserves (Note 15) 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 2010											
- as previously stated		**1,490,296**	**745,148**	**(30,338)**	**(48,474)**	**427,221**	**353,451**	**1,379,147**	**2,856,493**	**114,908**	**2,971,401**
Effects of adopting FRS 139		-	-	-	-	-	-	3,716	3,716	-	3,716
At 1 January 2010 – restated		**1,490,296**	**745,148**	**(30,338)**	**(48,474)**	**427,221**	**353,451**	**1,382,863**	**2,860,209**	**114,908**	**2,975,117**
Total comprehensive income for the financial year		-	-	-	-	-	**107,376**	**176,205**	**283,581**	**26,073**	**309,654**
Transactions with equity holders:											
Share buy back		-	-	(6,945)	(10,827)	-	-	-	(10,827)	-	(10,827)
Dividends on ordinary shares	11	-	-	-	-	-	-	(27,374)	(27,374)	-	(27,374)
Dividends paid to minority interests of a subsidiary		-	-	-	-	-	-	-	-	(17,004)	(17,004)
Issuance of Redeemable Cumulative Non-voting Preference Shares to minority interest in a subsidiary		-	-	-	-	-	-	-	-	914	914
Issuance of ordinary shares to minority interest in a subsidiary		-	-	-	-	-	-	-	-	25,492	25,492
Accretion of shares in a subsidiary		-	-	-	-	-	-	-	-	(712)	(712)
Purchase of shares from minority interests		-	-	-	-	-	-	-	-	(58)	(58)
Capital repayment from Capital Redemption Reserve of a subsidiary		-	-	-	-	-	(23,000)	23,000	-	-	-
Total transactions with equity holders		-	-	**(6,945)**	**(10,827)**	-	**(23,000)**	**(4,374)**	**(38,201)**	**8,632**	**(29,569)**
At 31 December 2010		**1,490,296**	**745,148**	**(37,283)**	**(59,301)**	**427,221**	**437,827**	**1,554,694**	**3,105,589**	**149,613**	**3,255,202**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2010

	Attributable to equity holders of the Company									
	Issued and fully paid ordinary shares of RM0.50 each		Treasury shares							
	Number of shares	Nominal value	Number of shares		Share premium	Revaluation and other reserves (Note 15)	Retained earnings	Total	Minority interests	Total Equity
Group	'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	1,490,296	745,148	(22,256)	(35,005)	427,221	332,206	1,218,811	2,688,381	90,616	2,778,997
Total comprehensive income for the financial year	-	-	-	-	-	21,245	160,336	181,581	20,936	202,517
Transactions with equity holders:										
Share buy back	-	-	(8,082)	(13,469)	-	-	-	(13,469)	-	(13,469)
Dividends paid to minority interests by a subsidiary	-	-	-	-	-	-	-	-	(11,765)	(11,765)
Issuance of Redeemable Cumulative Non- voting Preference Shares to minority interests in a subsidiary	-	-	-	-	-	-	-	-	416	416
Issuance of ordinary shares to minority interest in a subsidiary	-	-	-	-	-	-	-	-	14,705	14,705
Total transactions with equity holders	-	-	(8,082)	(13,469)	-	-	-	(13,469)	3,356	(10,113)
At 31 December 2009	1,490,296	745,148	(30,338)	(48,474)	427,221	353,451	1,379,147	2,856,493	114,908	2,971,401

COMPANY STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2010

	Note	Issued and fully paid ordinary shares of RM0.50 each		Treasury shares		Non-Distributable	Distributable	
		Number of shares	**Nominal value**	**Number of shares**		**Share premium**	**Retained earnings**	**Total equity**
Company		**'000**	**RM'000**	**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2010								
- as previously stated		**1,490,296**	**745,148**	**(30,338)**	**(48,474)**	**427,221**	**1,479,962**	**2,603,857**
Effects of adopting FRS 139		**-**	**-**	**-**	**-**	**-**	**412**	**412**
At 1 January 2010 - restated		**1,490,296**	**745,148**	**(30,338)**	**(48,474)**	**427,221**	**1,480,374**	**2,604,269**
Total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**-**	**41,814**	**41,814**
Transactions with equity holders:								
Share buy back		**-**	**-**	**(6,945)**	**(10,827)**	**-**	**-**	**(10,827)**
Dividends on ordinary shares	11	**-**	**-**	**-**	**-**	**-**	**(27,374)**	**(27,374)**
Total transactions with equity holders		**-**	**-**	**(6,945)**	**(10,827)**	**-**	**(27,374)**	**(38,201)**
At 31 December 2010		**1,490,296**	**745,148**	**(37,283)**	**(59,301)**	**427,221**	**1,494,814**	**2,607,882**
At 1 January 2009		1,490,296	745,148	(22,256)	(35,005)	427,221	1,352,396	2,489,760
Total comprehensive income for the financial year		-	-	-	-	-	127,566	127,566
Transaction with equity holders:								
Share buy back		-	-	(8,082)	(13,469)	-	-	(13,469)
At 31 December 2009		1,490,296	745,148	(30,338)	(48,474)	427,221	1,479,962	2,603,857

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Cash receipts from customers	**790,070**	689,391	**4,556**	17,949
Cash paid to contractors, suppliers and employees	**(370,997)**	(386,407)	**(25,914)**	(50,959)
Cash flows from/(used in) operations	**419,073**	302,984	**(21,358)**	(33,010)
Interest paid	**(54,739)**	(57,729)	**(11,829)**	(17,841)
Income taxes refunded	**-**	-	**-**	5,455
Income taxes paid	**(52,022)**	(56,203)	**(1,445)**	(1,700)
Deposits held with trustee	**(47)**	-	**-**	-
Net cash generated from/(used in) operating activities	**312,265**	189,052	**(34,632)**	(47,096)
Investing activities				
Proceeds from redemption of preference shares	**-**	-	**116,500**	25,000
Interest received	**12,778**	10,765	**14,038**	23,306
Additions in property, plant and equipment	**(53,358)**	(102,260)	**(249)**	(264)
Additions in investment properties	**(93,207)**	(313)	**-**	-
Additions in land held for property development	**(2,035)**	(21,790)	**(426)**	(1,086)
Proceeds from sale of property, plant and equipment	**292**	554	**-**	161
Paid-up capital in a subsidiary	**-**	-	**-**	(100)
Subscription of additional shares in subsidiaries	**-**	-	**(207,361)**	(200)
Dividends received from subsidiaries	**-**	-	**67,834**	114,237
Dividends received from associates	**15,263**	20,409	**1,200**	6,000
Dividends received from financial assets at fair value through profit or loss	**903**	3,700	**903**	3,700
Advances to subsidiaries	**-**	-	**(224,944)**	(97,669)
Repayments of advances from subsidiaries	**-**	-	**256,647**	69,605
Advances from subsidiaries	**-**	-	**47,935**	71,783
Repayments of advances to subsidiaries	**-**	-	**(6,306)**	(259,721)
Advances from associates	**266**	-	**-**	-
Repayment of advances to associates	**-**	(2,106)	**-**	-
Advances to associates	**(5,794)**	(1,300)	**(1,160)**	(1,300)
Repayment from associates	**5,212**	3,119	**977**	1,300
Net (advances to)/repayment of advances from jointly controlled entity	**(14,488)**	9,206	**-**	-
Net cash (used in)/from investing activities	**(134,168)**	(80,016)	**65,588**	(45,248)
Financing activities				
Repayments of borrowings	**(277,142)**	(103,495)	**-**	(50,000)
Proceeds from borrowings	**135,000**	-	**-**	-
Purchase of treasury shares	**(10,827)**	(13,469)	**(10,827)**	(13,469)
Dividends paid	**(27,374)**	-	**(27,374)**	-
Net cash used in financing activities	**(180,343)**	(116,964)	**(38,201)**	(63,469)

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2010
(continued)

		Group		Company	
		2010	**2009**	**2010**	**2009**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net decrease in cash and cash equivalents during the financial year		**(2,246)**	(7,928)	**(7,245)**	(155,813)
Cash and cash equivalents at beginning of financial year		**632,376**	642,261	**252,303**	409,561
Foreign currencies exchange differences on opening balances		**(15,297)**	(1,957)	**(10,537)**	(1,445)
Cash and cash equivalents at end of financial year	44	**614,833**	632,376	**234,521**	252,303

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010

1. General information

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

Items included in the financial statements of the Group and Company 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.

As at 31 December 2010, all financial assets and financial liabilities of the Group and Company are denominated in Ringgit Malaysia unless otherwise stated.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of the Group and Company 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.

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 in Malaysia 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 judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

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

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

The new accounting standards, amendments and improvements to published standards and interpretations to existing standards that are effective and are applicable to the Group for the financial year beginning on or after 1 January 2010 are as follows:

- FRS 7 " Financial Instrument : Disclosures"
- FRS 8 " Operating segment"
- FRS 101(revised) "Presentation of financial statements"
- FRS 123 " Borrowing costs"
- FRS 139 "Financial Instruments: Recognition and Measurement" and the related Amendments
- IC Interpretation 9 "Reassessment of Embedded Derivatives" and the related Amendments
- IC Interpretation 10 "Interim financial reporting and impairment"
- IC Interpretation 11 "FRS 2 - Group and treasury share transactions"
- IC Interpretation 13 "Customer loyalty programmes"
- IC Interpretation 14 " FRS 119 - The limit on a defined benefit asset, minimum funding requirements and interaction
- Improvement to FRS issued in 2009
    - Amendment to FRS 2 " Share-based payment: Vesting conditions and cancellations"
    - Amendment to FRS 5 " Non-current assets held for sale and discontinued operations"
    - Amendment to FRS 107 " Statement of cash flows"
    - Amendment to FRS 108 " Accounting Policies, Changes in Accounting Estimates and Errors"
    - Amendment to FRS 110 " Event after the balance sheet date"
    - Amendment to FRS 116 " Property, Plant and Equipment"
    - Amendment to FRS 117 " Leases"
    - Amendment to FRS 118 " Revenue"

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

- Improvement to FRS issued in 2009 (continued)
  - Amendment to FRS 119 " Employee benefits"
  - Amendment to FRS 127 " Consolidated and separate financial statements"
  - Amendment to FRS 128 " Investment in associates"
  - Amendment to FRS 131 " Interests in joint ventures"
  - Amendment to FRS 132 " Financial instruments: Presentation"
  - Amendment to FRS 134 " Interim financial reporting"
  - Amendment to FRS 136 " Impairment of assets"
  - Amendment to FRS 138 " Intangible assets"
  - Amendment to FRS 140 " Investment Properties"

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

The adoption of the above accounting standards, amendments and improvements to published standards and interpretations have resulted in changes of certain accounting policies and classification adopted by the Group as well as presentation of financial statements as follows:

- FRS 8 "Operating Segments" replaces FRS 114$_{2004}$ Segment Reporting and is applied retrospectively. A 'management approach' now applies to identifying and measuring the financial performance of an entity's operating segments for financial reporting purposes. Reported segment information will be based on the information that is provided internally to the chief operating decision maker. The chief operating decision maker is responsible for the allocation of resources and assessment of the performance of the operating segment of the Group. This will have the following impact on the disclosure of segmental information:

  - The way entities identify, measure and present their segment information.
  - There will be more diversity in the reported information on segments.
  - The measurement of segment information may not be in accordance with FRS. In these cases, entities will need to reconcile key financial information presented in their financial statements.
  - Entities will no longer need to prepare two sets of information for internal and external reporting purposes.
  - Reportable segments are no longer limited to those that earn a majority of revenue from sales to external parties. This will mean that entities may now report the different stages of vertically integrated operations as separate segments.

  The adoption of FRS 8 has no significant impact on the financial statements of the Group and of the Company in the current financial year.

- The revised FRS 101 "Presentation of financial statements" prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present this presentation in two statements.

  In addition, where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

- FRS 7 "Financial instruments: Disclosures" provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 "Financial Instruments: Disclosure and Presentation". FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied in the comparatives. The new disclosures are included throughout the Group's financial statements for the financial year ended 31 December 2010.

- FRS 139 "Financial Instruments: Recognition and Measurement" establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard have been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are as follows:

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

Prior to 1 January 2010, investments held for trading were recorded at cost less impairment in the Group's financial statements. Upon the adoption of FRS 139, the investments held for trading are recognised at fair value – quoted prices in an active market. The difference between previous carrying amount and fair value of derivatives shall be recognised as an adjustment to the opening balance of retained earnings as at 1 January 2010.

(ii) Payables – Non-current refundable deposits

Prior to 1 January 2010, non-current refundable deposits were recorded at cost in the Group's financial statements. Upon the adoption of FRS 139, the non-current refundable deposits are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. As at 1 January 2010, the Group has remeasured the non-current refundable deposits at amortised cost and the difference has been recognised as an adjustment to the opening balances of retained earnings as at 1 January 2010.

(iii) Available-for-sale financial assets

Prior to 1 January 2010, non-current investments which are not held for trading were recorded at carrying amount (cost of investment less impairment) in the Group's financial statements. Upon the adoption of FRS 139, non-current investments which are not held for trading are recognised at fair value. Fair value gains and losses on available-for-sale investments are recognised directly in equity. As at 1 January 2010, the Group has remeasured the non-current investments which are not held for trading and the difference has been recognised as an adjustment to the opening balances of retained earnings as at 1 January 2010.

- Following the adoption of of the improvement to FRS 117 "Leases", leasehold land in which the Group has substantially all the risks and rewards incidental to ownership has been reclassified retrospectively from operating lease to finance lease. FRS 1 (revised) requires an additional balance sheet to be presented as at the beginning of the earliest comparative period following the reclassification of balances from leases to investment properties and property, plant and equipment. Balances at the beginning of the earliest comparative period are disclosed in Notes 19, 21 and 22 to the financial statements. Other than Notes 19, 21 and 22 to the financial statements, the other notes to the financial statements have not been impacted by the reclassification.

The effect of adoption of FRS 117 on the financial statements of the Group is disclosed in Note 41.

Other than those disclosed above, the adoption of the standards, amendments, improvements to published standards and interpretations to the existing standards that are effective and are applicable to the Group during the financial year do not have a material impact on the financial statements of the Group and of the Company.

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

There are no new accounting standards, amendments and improvements to published standards and interpretations to existing standards that are early adopted by the Group.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

The new accounting standards, amendments and improvements to published standards and interpretations to existing standards that are effective for annual periods beginning on or after 1 March 2010 are as follows:

- Amendment to FRS 132 "Financial Instruments: Presentation" on classification of rights issues addresses accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity instruments instead of as derivative liabilities, regardless of the currency in which the exercise price is denominated. Currently, these issues are accounted for as derivative liabilities.

The new accounting standards, amendments and improvements to published standards and interpretations to existing standards that are effective for annual periods beginning on or after 1 July 2010 are as follows:

- The revised FRS 3 "Business combinations". The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

- The revised FRS 127 "Consolidated and separate financial statements" requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

- The amendment to FRS 138 "Intangible Assets" Improvement clarifies that a group of complementary intangible assets acquired in a business combination is recognised as a single asset if the individual asset has similar useful lives.

- IC Interpretation 9 "Reassessment of Embedded Derivatives" clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

The new accounting standards, amendments and improvements to published standards and interpretations to existing standards that is effective for annual periods beginning on or after 1 January 2011 are as follows:

- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

- IC Interpretation 4 "Determining whether an arrangement contains a lease" requires the Group to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. This interpretation provides guidance for determining whether such arrangements are, or contain, leases. The assessment is based on the substance of the arrangement and requires assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. If the arrangement contains a lease, the requirements of FRS 117 "Leases" should be applied to the lease element of the arrangement.

The new accounting standards, amendments and improvements to published standards and interpretations to existing standards that is effective for annual periods beginning on or after 1 January 2012 are as follows:

- IC Interpretation 15 "Agreements for construction of real estates" clarifies whether FRS 118 "Revenue" or FRS 111 "Construction contracts" should be applied to particular transactions. It is likely to result in FRS 118 being applied to a wider range of transactions. Retrospective adjustments may be required to reverse development profits recognised for both completed and ongoing projects. Management is evaluating the implications of the interpretation.

As allowed under the transitional provision of FRS 7, the Group is exempted from having to disclose the possible impact of the application of the standards on the financial statements of the Group in the year of initial application.

Other than IC Interpretation 15, the above standards, amendments and improvements to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial position of the Group in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010
(continued)

2. Summary of significant accounting policies (continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, 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 acquisition method of accounting. Under the acquisition 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.

Investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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

Minority interest represents that portion of 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.

When a business combination involves more than one exchange transaction, 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 a revaluation.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. This may indicate an impairment 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 profit or loss attributable to the equity holders of the Company.

(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 that result in gains and losses for the Group are recorded in the statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary required.

(c) Jointly controlled entity

A 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. Interest in jointly controlled entity is accounted for using the equity method of accounting and is initially recognised at cost. The Group's interest in jointly controlled entity includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its jointly controlled entity's post-acquisition profit or loss is recognised in income statement, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of investment and include goodwill on acquisition (net of accumulated impairment loss).

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(c) Jointly controlled entity (continued)

The Group recognises 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 recognise 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 recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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. Accounting policies of the jointly controlled entity has been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Associates

Associates are all entities over which the Group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

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.

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 other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

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. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

For incremental interest in an associate, the date of acquisition is the 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, development rights and buildings) are subsequently shown at fair value based on periodic valuations, but at least once in every five years 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. Historical 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, the valuation has not been updated.

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 financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010
(continued)

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the income statement. Each year, 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 'other 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 method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

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

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting 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.

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

At each reporting 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 2.6 on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Borrowing costs are capitalised in accordance with accounting policy Note 2.15(b). All other borrowing costs are charged to income statement.

2.4 Investment properties

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

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:

	%
• Leasehold land	1
• Buildings	1-2
• Building fittings	10 – 20

As each reporting date, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.6 on impairment of non-financial assets.

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 statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in statement of comprehensive income in the period of the retirement or disposal.

2.5 Goodwill

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

2. Summary of significant accounting policies (continued)

2.5 Goodwill (continued)

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

Goodwill is tested annually for impairment and is 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 2.6 on impairment of non-financial assets.

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

2.6 Impairment of non-financial assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The impairment loss is charged to the statement of comprehensive income 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 statement of comprehensive income unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

2.7 Leases

Leases where a significant portion of the risks 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 a straight-line basis over the lease period.

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

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

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.

2.8 Inventories

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

(a) Unsold properties

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

2. Summary of significant accounting policies (continued)

2.8 Inventories (continued)

(b) Hotel operating supplies

Cost is determined on a first-in, first-out basis and comprises food and beverage, printing and stationeries and guestroom supplies.

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

2.9 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 is recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion of costs incurred to-date to the total estimated costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

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 cumulative 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).

2.10 Property development activities

(a) Land held for property development

Land held for property development consists 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 retain 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 2.6 on impairment of non-financial 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 within 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.

Property development costs are recognised when incurred. 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.

2. Summary of significant accounting policies (continued)

2.10 Property development activities (continued)

(b) Property development costs (continued)

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 statement of comprehensive income exceeds 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 statement of comprehensive income, the balance is shown as progress billings under trade and other payables (within current liabilities).

2.11 Trade receivables

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

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturity of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings (see accounting policy Note 2.15) in current liabilities on the statement of financial position.

2.13 Share capital

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends and redemptions are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distributions to holders of a financial instrument classified as an equity instrument are charged to equity.

(b) Share issue costs

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

(c) Dividends to shareholders of the Company

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

(d) Purchase of own shares

Where the Company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the equity holders as treasury shares until they are cancelled, reissued or disposed 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 equity attributable to equity holders.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010
(continued)

2. Summary of significant accounting policies (continued)

2.14 Trade and other payables

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.15 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.

Interest, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statement.

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

(b) Capitalisation of borrowing costs

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 to the statement of comprehensive income.

2.16 Tax expense

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

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

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

Deferred tax is recognised 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 reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.17 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) Defined contribution plans

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

2. Summary of significant accounting policies (continued)

2.17 Employee benefits (continued)

(b) Defined contribution plans (continued)

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

2.18 Contingent liabilities and contingent assets

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

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

2.19 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 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 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 stage of completion method based on units sold, and where the outcome of the development projects can be reliably estimated. Anticipated losses are recognised in full.

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

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

Hotel revenue represents income derived from room rental and sales of food and beverage. Room rental income is accrued on a daily basis on customer-occupied rooms. Sales of food and beverage are recognised upon delivery to customers. Hotel revenue is recognised net of sales tax and discounts.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements unless collectability 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 an accrual basis. Revenue from the rendering of services is recognised based on performance of services.

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.20 Foreign currency translations

(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

for the financial year ended 31 December 2010
(continued)

2. Summary of significant accounting policies (continued)

2.20 Foreign currency translations (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 year-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 reporting date presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income 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.

2.21 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.

<u>Financial asset</u>

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

2.21 Financial instruments (continued)

(a) Description (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables', 'amounts owing by subsidiaries', 'amounts owing by associates', 'amounts owing by a jointly controlled entity' and 'deposits with licensed banks' in the statement of financial position (Notes 29, 30, 31, 32, 33 and 35).

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

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

(iii) Available-for-sale financial assets

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

Subsequent to initial recognition, available-for-sale financial assets are carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment loss and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on monetary assets are recognised in other comprehensive income as part of fair value change.

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

<u>Financial liability</u>

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.

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

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

The Group classifies its financial liabilities as other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

(i) Other financial liabilities

Other financial liabilities of the Group comprise 'borrowings', 'trade and other payables', 'amounts owing to subsidiaries', 'amounts owing to associates', 'amounts owing to a jointly controlled entity' in the statement of financial position (Note 17,30, 31, 34 and 35).

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

2. Summary of significant accounting policies (continued)

2.21 Financial instruments (continued)

(a) Description (continued)

(ii) Financial Guarantee Contracts

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

Financial guarantees are initially recognised at their fair values plus transaction costs in the Group's statement of financial position.

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

The corporate guarantee to the banks did not give rise to a material financial impact on the financial statements as a result of the adoption of FRS 139. The corporate guarantee to banks has been disclosed as a contingent liability in Note 37 to the financial statements.

(b) Impairment of financial assets

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

<u>Assets carried at amortised cost</u>

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

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

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in statement of comprehensive income.

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

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in income statement.

2. Summary of significant accounting policies (continued)

2.21 Financial instruments (continued)

(b) Impairment of financial assets (continued)

Assets classified as available-for-sale

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

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

(c) Financial instruments recognised on the statement of financial position

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

(d) Fair value estimation for disclosure purposes

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

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

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

The 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.

2.22 Segment reporting

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

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

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

3. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate 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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

3. Financial risk management objectives and policies (continued)

(a) Market risk

(i) Foreign currency exchange risk

The Group and Company is exposed to foreign currency risk as a result of advances from/(to) subsidiaries and associates denominated in Australian Dollar, Great Britain Pound, Singapore Dollar, US Dollar, Hong Kong Dollar, Baht and Peso. The Directors are of the view that exposure to foreign exchange risk is moderate and the management regularly monitors the foreign exchange currency fluctuations.

The amount recognised in the statement of financial position is determined as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Advances to subsidiaries	**-**	-	**75**	7,117
Advances to associates	**19,878**	22,423	**-**	-
Assets in statement of financial position	**19,878**	22,423	**75**	7,117
Advances from subsidiaries	**-**	-	**17,556**	17,565
Advances from associates	**15,134**	14,740	**-**	-
Liabilities in statement of financial position	**15,134**	14,740	**17,556**	17,565

As the foreign currency risk arises from the Group and Company as a result of advances from/(to) subsidiaries and associates denominated in Australian Dollar, Great Britain Pound, Singapore Dollar, US Dollar, Hong Kong Dollar, Baht and Peso are not material and did not have any significant impact on the financial statements of the Group at the reporting date, hence sensitivity analysis is not presented.

(ii) Fair value interest rate risk

The Group's borrowings are made up of both fixed and floating rate borrowings. The fixed rate borrowings taken by the Group lock in the interest rate against any fluctuation. The fixed rate borrowings exposes the Group to fair value interest rate risk which is partially offset by borrowings obtained at floating rate.

The Group also regularly reviews these risks and takes proactive measures to mitigate the potential impact of such risk.

Sensitivity analysis for interest rate changes is unrepresentative as the Group does not use variable rates in managing its interest rate risk.

(b) 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.

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

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

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

Trade receivables are monitored on an on-going basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does the Group have any major concentration of credit risk related to any financial instruments. Credit risk with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group in the event of default.

3. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

Credit risk arising from property investment – office towers and malls

Credit risks arising from outstanding receivables from the tenants are minimised and monitored by strictly limiting the Group's association to business partners with high creditworthiness. Furthermore, the tenants have placed security deposits with the Group which acts as collateral. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

Credit risk arising from other activities of the Group

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

Credit risk arising from deposits with licensed banks

Concentration of credit risk arising from deposits with licensed banks is limited as bank deposits are held with banks with high credit ratings assigned by international credit rating agencies.

(c) Liquidity and cash flow risk

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

At the reporting date, the Group held cash and cash equivalents of RM614,833,000 (2009: RM632,376,000) that are expected to readily generate cash inflows for managing liquidity risk.

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

	Less than 1 year	Between 1 year and 2 years	Between 2 years and 3 years	Over 3 years
	RM'000	RM'000	RM'000	RM'000
At 31 December 2010				
Borrowings	**252,197**	**110,000**	**220,000**	**250,000**
Trade and other payables	**401,415**	**3,727**	**12,904**	**17,129**
At 31 December 2009				
Borrowings	83,491	112,577	308,777	470,000
Trade and other payables	361,979	3,270	3,911	26,467

(d) Capital risk management

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

4. Critical accounting estimates and judgements (continued)

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) Impairment of assets

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

(ii) Recognition of property development profits

The Group recognises property development profits by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development. Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

(iii) Taxation

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

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

5. Revenue

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Rental income from retail malls	**338,528**	316,619	**-**	-
Hotel room revenue	**147,095**	107,311		
Rental income from office buildings	**94,196**	81,448	**-**	-
Property development revenue	**61,237**	73,583	**-**	450
Sale of food, beverages and others	**46,513**	39,610	**-**	-
Investment income	**11,131**	14,469	**80,974**	101,907
Contract revenue	**9,037**	-	**-**	-
Rendering of services	**7,153**	5,064	**-**	-
Other rental and rent related income	**4,470**	4,338	**2,410**	2,474
	719,360	642,442	**83,384**	104,831

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

6. Profit from operations

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit from operations is stated after charging:				
Auditors' remuneration:				
- Current financial year	**592**	550	**133**	133
- Under provision in prior financial year	**45**	12	**25**	-
- Other fees	**12**	20	**6**	20
Bad debts written off:				
- Trade and other receivables	**1,560**	7,296	**-**	1
Construction contract cost	**8,944**	-	**-**	-
Depreciation:				
- property, plant and equipment	**48,764**	39,335	**1,338**	1,719
- investment properties	**49,179**	65,030	**-**	-
- long term prepaid lease	**227**	249	**-**	-
Hire of plant and equipment	**97**	340	**-**	-
Operating lease rental				
Impairment losses:	**940**	819	**-**	-
- Investment in subsidiaries	**-**	-	**2,300**	349
- Land held for property development	**-**	753	**-**	-
- Investment in associates	**-**	10,134	**-**	-
Unrealised loss on revaluation of financial assets at fair value through profit or loss	**38**	535	**38**	535
Loss on disposal of property, plant and equipment	**133**	710	**-**	1
Rental of buildings	**6,192**	5,742	**3,299**	2,892
Staff costs (includes Directors' remuneration as disclosed in Note 7 but excludes defined contribution plan)	**78,798**	74,131	**17,487**	16,075
Defined contribution plan	**8,222**	7,849	**1,913**	1,800
Foreign exchange loss – unrealised	**22,400**	5,930	**14,698**	1,404
Write - off of property, plant and equipment	**178**	328	**171**	-
Write - off of available-for-sale financial assets	**17,891**	-	**-**	-
Provision for impairment:				
- Trade and other receivables	**1,674**	9,554	**-**	-
- Amounts owing by subsidiaries	**-**	-	**1,534**	2,629
and crediting:				
Bad debts recovered:				
- Trade and other receivables	**363**	2,818	**-**	35
Reversal of provision for impairment:				
- Trade and other receivables	**7,183**	3,360	**3,576**	-
- Amount owing by subsidiaries	**-**	-	**-**	24,369
Profit on disposal of land held for development	**31,225**	97	**-**	-
Foreign exchange gain - unrealised	**535**	1,156	**-**	-
Rental income	**1,332**	144	**-**	-
Reversal of impairment loss:				
- investments in financial assets through profit or loss	**-**	23,025	**-**	23,025
- available-for-sale financial assets	**17,891**	-	**-**	-
- property, plant and equipment	**-**	6,000	**-**	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM163,469,000 (2009: RM184,254,000).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

6. Profit from operations (continued)

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM20,000 (2009: RM20,000).

7. Directors' remuneration

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Fees:				
- Directors of the Company	**340**	260	**340**	260
- Directors of subsidiaries	**200**	210	**-**	-
Other emoluments:				
- Directors of the Company	**3,629**	3,012	**3,629**	3,012
- Directors of subsidiaries	**4,430**	4,122	**-**	-
Defined contribution plan	**854**	761	**392**	344
Benefits-in-kind	**143**	134	**99**	90
	9,596	8,499	**4,460**	3,706

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

8. Finance income and costs

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Finance costs:				
Interest expense on borrowings	**48,488**	53,666	**11,824**	13,785
Interest expense on amounts owing to subsidiaries	**-**	-	**5**	3,732
Accretion of discount on bonds	**1,223**	1,254	**-**	-
Other financing costs	**4,042**	2,222	**-**	50
	53,753	57,142	**11,829**	17,567
Finance income:				
Interest income on deposits with licensed banks	**11,138**	10,221	**4,790**	5,548
Interest income on late payment from tenants	**1,640**	544	**336**	779
Interest income from advances to subsidiaries	**-**	-	**8,912**	16,980
Fair value gain on initial recognition of financial liabilities measured at amortised cost	**4,380**	-	**-**	-
Total finance income	**17,158**	10,765	**14,038**	23,307
Net finance costs/(income)	**36,595**	46,377	**(2,209)**	(5,740)

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

9. Tax expense

		Group		Company	
		2010	2009	**2010**	2009
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current tax:					
- Malaysian tax		**69,732**	41,796	**5,273**	14,241
- foreign tax		**106**	90	**-**	-
Deferred tax	18	**8,128**	430	**-**	520
		77,966	42,316	**5,273**	14,761
Current tax					
Current financial year		**73,158**	57,365	**2,088**	17,400
(Over)/under accrual in prior financial years		**(3,320)**	(15,479)	**3,185**	(3,159)
		69,838	41,886	**5,273**	14,241
Deferred tax					
Origination and reversal of temporary differences		**8,128**	430	**-**	520
		77,966	42,316	**5,273**	14,761

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	%	**%**	**%**	**%**
Reconciliation between the average effective tax rate and the Malaysian income tax rate				
Malaysian income tax rate	**25**	25	**25**	25
Tax effects of :				
- share of results of associates	**(2)**	(3)	**-**	-
- expenses not deductible for tax purposes	**14**	18	**12**	1
- income not subject to tax	**(7)**	(13)	**(33)**	(14)
- current financial year's tax loss not recognised	**1**	-	**-**	-
- utilisation of previously unrecognised tax losses	**(2)**	(1)	**-**	-
- (over)/under accrual in prior financial years	**(1)**	(7)	**7**	(2)
Average effective tax rate	**28**	19	**11**	10

Included in taxation of the Group are tax savings from utilisation of tax losses as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Tax losses:		
Tax savings as a result of the utilisation of tax losses brought forward for which the related credit is recognised during the financial year	**5,372**	1,078

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

10. Earnings per ordinary share

Basic earnings per ordinary share

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

	2010	**2009**
Profit attributable to the equity holders of the Company (RM'000)	**174,617**	158,978
Weighted average number of ordinary shares in issue ('000)	**1,455,786**	1,465,632
Basic earnings per ordinary share (sen)	**11.99**	10.85

11. Dividends

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

	Group and Company			
	2010		**2009**	
	Gross dividend per share	**Amount of dividend, net of tax**	**Gross dividend per share**	**Amount of dividend, net of tax**
	Sen	**RM'000**	**Sen**	**RM'000**
Ordinary shares				
Paid interim dividend of 5.0% less tax at 25% for financial year ended 31 December 2009	**2.5**	**27,374**	-	-
Dividend per share recognised as distribution to ordinary equity holders of the Company	**2.5**	**27,374**	-	-

On 14 February 2011, the Directors declared an interim dividend in respect of the financial year ended 31 December 2010 of 5% less tax at 25% which was paid on 8 April 2011 to every member who is entitled to receive the dividend as at 4.00 p.m. on 15 March 2011. The interim dividend has not been recognised in the Statement of Changes in Equity as it was declared subsequent to the financial year.

On 14 February 2011, the Directors also declared a dividend in respect of the financial year ended 31 December 2010 by way of distribution of a tax-exempt share dividend on the basis of one (1) treasury share for every one hundred (100) existing shares held at 4.00 p.m. on 15 March 2011. The share dividend involved the distribution of 14,528,233 treasury shares which were credited into the entitled Depositors' Securities Accounts on 8 April 2011.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

12. Share capital

	Group and Company 2010 RM'000	2009 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
Ordinary shares of RM0.50 each:		
Issued and fully paid		
At 1 January/31 December	**745,148**	745,148

13. Share premium

	Group and Company 2010 RM'000	2009 RM'000
Relating to ordinary shares:		
At 1 January/31 December	**427,221**	427,221

14. Treasury shares

Shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 26 May 2010, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 6,944,400 of its own shares. The average price paid for the shares repurchased was RM1.56 per share. As at 31 December 2010, a total of 37,282,600 (2009: 30,338,200) ordinary shares of RM0.50 each were held as treasury shares.

2010	Number of shares	Total cost RM'000	Purchase price per share RM		Average cost per share RM
			Lowest	Highest	
As at beginning of financial year	**30,338,200**	**48,474,060**	**1.15**	**2.82**	**1.60**
Repurchased during the financial year:					
May	6,339,400	9,793,164	1.54	1.54	1.54
June	600,000	1,023,566	1.70	1.70	1.70
November	5,000	10,124	2.01	2.01	2.01
As at end of financial year	**37,282,600**	**59,300,914**	**1.15**	**2.82**	**1.59**

The repurchase transactions during the financial year were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at 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.

As at the reporting date, the number of outstanding shares in issue after setting off treasury shares against equity is 1,453,013,407 (2009: 1,459,957,807).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

15. Revaluation and other reserves

The revaluation and other reserves comprise:

Group	Surplus on revaluation of properties	Share of revaluation reserves in an associate	Capital distribution in-specie of KrisAssets shares	Exchange fluctuation reserve	Capital redemption reserve	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2010						
At 1 January	**95,563**	**69,680**	**183,019**	**(18,104)**	**23,293**	**353,451**
Currency translation differences	-	-	-	**(25,120)**	-	**(25,120)**
Revaluation surplus on property, plant and equipment	**162,668**	-	-	-	-	**162,668**
Realisation of revaluation surplus on property, plant and equipment, net of tax	**(29,934)**	**(238)**	-	-	-	**(30,172)**
Repayment of capital redemption reserve by a subsidiary	-	-	-	-	**(23,000)**	**(23,000)**
At 31 December	**228,297**	**69,442**	**183,019**	**(43,224)**	**293**	**437,827**
2009						
At 1 January	87,691	69,918	183,019	(31,690)	23,268	332,206
Currency translation differences	-	-	-	13,586	-	13,586
Revaluation surplus on property, plant and equipment	9,041	-	-	-	-	9,041
Realisation of revaluation surplus on property, plant and equipment, net of tax	(1,169)	(238)	-	-	-	(1,407)
Creation of a capital redemption reserve upon redemption of redeemable preference shares by a subsidiary	-	-	-	-	25	25
At 31 December	95,563	69,680	183,019	(18,104)	23,293	353,451

16. Retained earnings

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

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier, unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act, 2007.

Subject to the agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends up to RM257,475,000 (2009: RM284,849,000) out of its retained earnings of approximately RM1,494,814,000 as at 31 December 2010 (2009: RM1,479,962,000). The Company also has tax exempt income as at 31 December 2010 amounting to RM59,282,000 (2009: RM8,912,000) available for distribution as tax exempt dividends to shareholders.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

17. Borrowings

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Secured					
Term loans	17(a)	**490,000**	500,000	**200,000**	200,000
Redeemable secured bonds	17(b)	**200,000**	250,000	**-**	-
Bank guaranteed bonds	17(c)	**-**	198,777	**-**	-
Revolving credits		**135,000**	-	**-**	-
		825,000	948,777	**200,000**	200,000
Unsecured					
Term loans	17(a)	**2,322**	6,693	**-**	-
Revolving credits		**4,875**	19,375	**-**	-
		7,197	26,068	**-**	-
Total repayable		**832,197**	974,845	**200,000**	200,000

Currency exposure profile of borrowings is as follow:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
- US Dollar	**2,322**	6,693	**-**	-
- Ringgit Malaysia	**829,875**	968,152	**200,000**	200,000
	832,197	974,845	**200,000**	200,000

The term loans, redeemable secured bonds, bank guaranteed bonds and revolving credits of the Group and Company are secured by way of fixed registered charges over certain property, plant and equipment, investment properties and long term prepaid lease with market value of not less than the facility amount of the Group as disclosed in Notes 19, 21 and 22.

As at the reporting date, the weighted average effective rates for the borrowings are as follows:

	Group 2010 % per annum	Group 2009 % per annum	Company 2010 % per annum	Company 2009 % per annum
Weighted average effective interest rates at balance sheet date:				
Term loans	**5.34**	5.32	**5.84**	5.84
Redeemable secured bonds	**6.00**	5.75	**-**	-
Bank guaranteed bonds	**-**	4.00	**-**	-
Revolving credits	**3.57**	3.22	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

17. Borrowings (continued)

Estimated fair values

The carrying amounts and fair values of non-current term loans, bonds and revolving credits are as follows:

	Group			
	2010		**2009**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Term loans	**492,322**	**480,913**	506,693	510,302
Redeemable secured bonds	**200,000**	**208,470**	250,000	263,560
Bank guaranteed bonds	**-**	**-**	198,777	198,900
Revolving credits	**139,875**	**139,875**	19,375	19,375
	832,197	**829,258**	974,845	992,137

	Company			
	2010		**2009**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Term loan	**200,000**	**199,452**	200,000	193,597

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

(a) Term loans

	Group		**Company**	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current:				
Secured	**60,000**	10,000	**-**	-
Unsecured	**2,322**	4,116	**-**	-
	62,322	14,116	**-**	-
Non-current:				
Secured	**430,000**	490,000	**200,000**	200,000
Unsecured	**-**	2,577	**-**	-
	430,000	492,577	**200,000**	200,000
Total repayable	**492,322**	506,693	**200,000**	200,000

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

17. Borrowings (continued)

(a) Term loans (continued)

Currency profile of term loans

The currency exposure profile of term loans is as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
- US Dollar	**2,322**	6,693
- Ringgit Malaysia	**490,000**	500,000
	492,322	506,693

The term loan of RM290,000,000 (2009: RM300,000,000) of a subsidiary is secured by way of deposit of master title of an investment property (Note 21) and deposits with licensed banks (Note 33).

The maturity of term loans is as follows:

		Fixed interest rate						Floating interest rate		
Group	**Currency**	**<1 year**	**1 – 2 years**	**2 – 3 years**	**3 – 4 years**	**4 – 5 years**	**> 5 years**	**<1 year**	**1 – 2 years**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 31 December 2010										
Secured										
Term loans	RM	**60,000**	**60,000**	**170,000**	**-**	**-**	**200,000**	**-**	**-**	**490,000**
Unsecured										
Term loan	USD	**-**	**-**	**-**	**-**	**-**	**-**	**2,322**	**-**	**2,322**
		60,000	**60,000**	**170,000**	**-**	**-**	**200,000**	**2,322**	**-**	**492,322**
Company										
At 31 December 2010										
Secured										
Term loan	RM	**-**	**-**	**-**	**-**	**-**	**200,000**	**-**	**-**	**200,000**

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

17. Borrowings (continued)

(a) Term loans (continued)

Group	Currency	Fixed interest rate <1 year RM'000	Fixed interest rate 1 – 2 years RM'000	Fixed interest rate 2 – 3 years RM'000	Fixed interest rate 3 – 4 years RM'000	Fixed interest rate 4 – 5 years RM'000	Fixed interest rate > 5 years RM'000	Floating interest rate <1 year RM'000	Floating interest rate 1 – 2 years RM'000	Total RM'000
At 31 December 2009										
Secured										
Term loans	RM	10,000	60,000	60,000	170,000	-	200,000	-	-	500,000
Unsecured										
Term loan	USD	-	-	-	-	-	-	4,116	2,577	6,693
		10,000	60,000	60,000	170,000	-	200,000	4,116	2,577	506,693
Company										
At 31 December 2009										
Secured										
Term loan	RM	-	-	-	-	-	200,000	-	-	200,000

(b) Redeemable secured bonds

	Group 2010 RM'000	Group 2009 RM'000
Current:		
Secured	**50,000**	50,000
Non-current:		
Secured	**150,000**	200,000
	200,000	250,000

17. Borrowings (continued)

(b) Redeemable secured bonds (continued)

The maturity of the redeemable secured bonds is as follows:

	Fixed interest rate						
Group	**<1 year**	**1 – 2 years**	**2 - 3 years**	**3 – 4 years**	**4 – 5 years**	**> 5 years**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 31 December 2010							
- Redeemable secured bonds	**50,000**	**50,000**	**50,000**	**50,000**	**-**	**-**	**200,000**
At 31 December 2009							
- Redeemable secured bonds	50,000	50,000	50,000	50,000	50,000	-	250,000

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

The MVCap Bonds are secured as follows:

(a) Legal assignment of all cashflows, tenancy agreements and insurance policies in relation to the Mid Valley Megamall;
(b) Third party first rank fixed and floating charge over the Mid Valley Megamall (Note 21) 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 MVCap Bonds for the sale of Mid Valley Megamall.

The MVCap Bonds contains covenants which require Mid Valley City Sdn Bhd to maintain a Debt Service Coverage Ratio ('DSCR') of 1.5 times.

(c) Bank guaranteed bonds

	Group	
	2010	**2009**
	RM'000	**RM'000**
Non-current:		
Unsecured	-	198,777

The maturity of the bank guaranteed bonds in the preceding financial year is as follows:

Group	**<1 year**	**1 – 2 years**	**2 - 3 years**	**3 – 4 years**	**4 – 5 years**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 31 December 2010						
- Bank guaranteed bonds	-	-	-	-	-	-
At 31 December 2009						
- Bank guaranteed bonds	-	-	198,777	-	-	198,777

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

17. Borrowings (continued)

(c) Bank guaranteed bonds (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 21);

(b) Third ranking legal assignment created by a subsidiary of KrisAssets Holdings Berhad, 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.

The BG Bonds were fully repaid on 23 December 2010.

18. 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 statement of financial position:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	**9,209**	14,875	**-**	-
Deferred tax liabilities	**(113,557)**	(82,036)	**-**	-
At 31 December	**(104,348)**	(67,161)	**-**	-

		Group		Company	
		2010	**2009**	**2010**	**2009**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January		**(67,161)**	(71,024)	**-**	520
Credited/(charged) to statement of comprehensive income:	9				
- property, plant and equipment		**(9,137)**	(1,763)	**-**	80
- property development costs		**844**	797	**-**	-
- realisation of deferred tax on property, plant and equipment		**292**	286	**-**	-
- tax losses		**-**	(172)	**-**	-
- provisions		**(127)**	422	**-**	(600)
		(8,128)	(430)	**-**	(520)
- realisation of deferred tax on impairment of assets		**-**	4,603	**-**	-
Charged to equity:					
- deferred tax on revaluation surplus on property, plant and equipment		**(29,059)**	(310)	**-**	-
At 31 December		**(104,348)**	(67,161)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

18. Deferred taxation (continued)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Subject to income tax				
Deferred tax assets (before offsetting)				
- property, plant & equipment	**7,321**	13,002	**-**	-
- tax losses	**5**	5	**-**	-
- provisions	**1,883**	2,010	**-**	-
	9,209	15,017	**-**	-
Offsetting	**-**	(142)	**-**	-
Deferred tax assets (after offsetting)	**9,209**	14,875	**-**	-
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	**(108,850)**	(76,628)	**-**	-
- property development costs	**(3,600)**	(4,443)	**-**	-
- land held for property development	**(990)**	(990)	**-**	-
- others	**(117)**	(117)	**-**	-
	(113,557)	(82,178)	**-**	-
Offsetting	**-**	142	**-**	-
Deferred tax liabilities (after offsetting)	**(113,557)**	(82,036)	**-**	-

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deductible temporary differences	**278**	273	**1,002**	801
Tax losses	**49,277**	54,382	**-**	-
	49,555	54,655	**1,002**	801
Deferred tax assets not recognised at 25% (2009:25%)	**12,389**	13,664	**251**	200

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

19. Property, plant and equipment

Group				Hotel properties							
2010	Note	Freehold land RM'000	Leasehold land RM'000	Freehold land RM'000	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		9,495	1,558	-	211,202	35,871	109,590	6,763	264,766	56,393	695,638
At valuation		18,200	-	88,577	233,508	-	-	-	-	-	340,285
Surplus on revaluation		-	-	46,582	116,086	-	-	-	-	-	162,668
Additions		-	-	-	14,215	-	297	1,215	30,423	7,208	53,358
Currency translation differences		-	-	-	(3,256)	-	(2,037)	(26)	(717)	-	(6,036)
Transferred to investment properties	21	-	-	-	-	-	-	-	-	(43,449)	(43,449)
Reclassification		-	-	-	11,906	(11,901)	(17,429)	-	17,424	-	-
Write off		-	-	-	-	(193)	(1,294)	(4)	(516)	-	(2,007)
Disposals		-	-	-	(20)	-	-	(426)	(691)	-	(1,137)
At 31 December		27,695	1,558	135,159	583,641	23,777	89,127	7,522	310,689	20,152	1,199,320
Accumulated depreciation											
At 1 January		-	205	-	22,350	12,757	40,391	5,290	104,874	-	185,867
Charge for the financial year		-	16	-	7,672	59	8,127	674	32,216	-	48,764
Currency translation differences		-	-	-	(1,177)	-	(871)	(26)	(593)	-	(2,667)
Reclassification		-	-	-	11,992	(11,913)	(613)	-	534	-	-
Write off		-	-	-	-	(31)	(1,294)	(2)	(502)	-	(1,829)
Disposals		-	-	-	(1)	-	-	(265)	(446)	-	(712)
At 31 December		-	221	-	40,836	872	45,740	5,671	136,083	-	229,423
Accumulated impairment losses											
At 1 January/31 December		-	-	-	21,020	-	-	-	-	-	21,020
Net book value											
At 31 December 2010											
At cost		9,495	1,337	-	135,963	22,905	43,387	1,851	174,606	20,152	409,696
At valuation		18,200	-	135,159	385,822	-	-	-	-	-	539,181
		27,695	1,337	135,159	521,785	22,905	43,387	1,851	174,606	20,152	948,877

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

19. Property, plant and equipment (continued)

Group

2009	Note	Freehold land RM'000	Leasehold land RM'000	← Hotel properties → Freehold land RM'000	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		9,495	-	-	148,294	36,313	76,822	7,212	216,669	121,343	616,148
At valuation		18,200	-	88,577	210,929	-	-	-	-	-	317,706
Effect of adopting improvement to FRS 117	41	-	1,558	-	-	-	-	-	-	-	1,558
At 1 January - restated		27,695	1,558	88,577	359,223	36,313	76,822	7,212	216,669	121,343	935,412
Surplus on revaluation											
Additions		-	-	-	21,140	-	11,230	291	66,437	5,838	104,936
Currency translation differences		-	-	-	-	(442)	(277)	(4)	(97)	-	(820)
Reclassification		-	-	-	64,347	-	23,678	-	(17,285)	(70,740)	-
Write off		-	-	-	-	-	-	(3)	(494)	-	(497)
Disposals		-	-	-		-	(1,863)	(733)	(464)	(48)	(3,108)
At 31 December		27,695	1,558	88,577	444,710	35,871	109,590	6,763	264,766	56,393	1,035,923
Accumulated depreciation											
At 1 January		-	-	-	16,811	3,944	41,072	5,043	81,957	-	148,827
Effect of adopting improvement to FRS 117	41	-	205	-	-	-	-	-	-	-	205
At 1 January - restated		-	205	-	16,811	3,944	41,072	5,043	81,957	-	149,032
Charge for the financial year		-	-	-	5,849	1,187	7,937	788	23,574	-	39,335
Currency translation differences		-	-	-	-	(176)	(130)	(4)	(80)	-	(390)
Reclassification		-	-	-	(310)	7,802	(7,461)	-	(31)	-	-
Write off		-	-	-	-	-	-	(3)	(166)	-	(169)
Disposals		-	-	-	-	-	(1,027)	(534)	(380)	-	(1,941)
At 31 December		-	205	-	22,350	12,757	40,391	5,290	104,874	-	185,867
Accumulated impairment losses											
At 1 January		-	-	-	6,000	21,020	-	-	-	-	27,020
Reversal of impairment		-	-	-	(6,000)	-	-	-	-		(6,000)
At 31 December		-	-	-	-	21,020	-	-	-	-	21,020
Net book value											
At 31 December 2009											
At cost		9,495	1,353	-	204,546	2,094	69,199	1,473	159,892	56,393	504,445
At valuation		18,200	-	88,577	217,814	-	-	-	-	-	324,591
		27,695	1,353	88,577	422,360	2,094	69,199	1,473	159,892	56,393	829,036

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

19. Property, plant and equipment (continued)

Company	Buildings	Plant and machinery	Motor vehicles	Office furniture, fittings and equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2010					
At cost					
At 1 January	**1,932**	**5,621**	**1,621**	**8,856**	**18,030**
Additions	**-**	**-**	**-**	**249**	**249**
Write-offs	**(193)**	**(113)**	**-**	**(355)**	**(661)**
At 31 December	**1,739**	**5,508**	**1,621**	**8,750**	**17,618**
Accumulated depreciation					
At 1 January	**542**	**5,621**	**1,140**	**5,700**	**13,003**
Charge for the financial year	**39**	**-**	**192**	**1,107**	**1,338**
Write-offs	**(31)**	**(113)**	**-**	**(346)**	**(490)**
At 31 December	**550**	**5,508**	**1,332**	**6,461**	**13,851**
Net book value					
At 31 December 2010	**1,189**	**-**	**289**	**2,289**	**3,767**
2009					
At cost					
At 1 January	1,932	5,621	2,283	8,599	18,435
Additions	-	-	-	263	263
Disposals	-	-	(662)	(6)	(668)
At 31 December	1,932	5,621	1,621	8,856	18,030
Accumulated depreciation					
At 1 January	503	5,621	1,373	4,293	11,790
Charge for the financial year	39	-	268	1,412	1,719
Disposals	-	-	(501)	(5)	(506)
At 31 December	542	5,621	1,140	5,700	13,003
Net book value					
At 31 December 2009	1,390	-	481	3,156	5,027

(a) Freehold land

The freehold land of Pangkor Island Resort Sdn. Bhd, a subsidiary of the Company, 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. The valuation was arrived at by the Comparison Method of Valuation where reference was made to sales transactions as well as selling prices of similar properties in the neighbourhood. Based on this valuation, the value of the freehold land was 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
for the financial year ended 31 December 2010
(continued)

19. 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 on a periodic basis, but at least once in every five years, by external independent valuers. The following were the valuations performed on hotel properties in current and preceding financial years:

(i) The hotel building and freehold land of Pangkor Island Resort Sdn. Bhd., a subsidiary of the Company, 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. The valuation was arrived at by the Comparison Method of Valuation where reference was made to similar resorts.

Based on this valuation, the value of the hotel building was RM50,000,000, as compared to the carrying value of RM44,581,000. The resultant surplus of RM6,311,000 had been credited to revaluation reserve and adjusted to the hotel building by eliminating the accumulated depreciation of RM892,000.

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

(ii) The hotel building of Tanah Permata Sdn. Bhd, a subsidiary of the Company, stated at valuation was revalued during the financial year ended 31 December 2006 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.

Based on this valuation, the value of the hotel building was RM103,000,000, as compared to its carrying value of RM30,609,000. The resultant surplus of RM70,764,000 had been credited to revaluation surplus.

(iii) The hotel building and freehold land of Central Review Sdn. Bhd., a subsidiary of the Company, stated at valuation was revalued during the financial year ended 31 December 2009 by an independent qualified valuer, Yap Kian Ann, a member of the Institute of Surveyors, Malaysia, a registered valuer of Colliers, Jordan Lee & Jaafar Sdn Bhd. The valuation was arrived at by the Comparison and Profits Methods of Valuation where reference was made to similar properties that were sold recently and those that are currently offered for sale in the vicinity.

Based on this valuation, the value of the hotel building was RM24,000,000, as compared to the carrying value of RM18,824,000. The resultant surplus of RM5,176,000 had been accounted for by reversing the revaluation decrease of RM3,936,000 previously recognised in income statement. The balance of RM1,240,000 had been credited to revaluation reserve and adjusted to the hotel building by eliminating the accumulated depreciation of RM1,583,000.

Based on this valuation, the value of the freehold land was RM16,000,000 as compared to its carrying value of RM8,200,000. The resultant surplus of RM7,800,000 had been credited to revaluation surplus.

(iv) The hotel building and development rights of Mid Valley City Enterprise Sdn. Bhd., a subsidiary of the Company, stated at cost was revalued during the current financial year by an independent qualified valuer, Yap Kian Ann, a member of the Institute of Surveyors, Malaysia, a registered valuer of Jordan Lee & Jaafar Sdn Bhd. The valuation was arrived at by the Comparison and Profits Methods of Valuation where reference was made to similar properties that were sold recently and those that are currently offered for sale in the vicinity.

Based on this valuation, the value of the hotel building was RM105,132,000, as compared to the carrying value of RM38,943,000. The resultant surplus of RM66,067,000 had been credited to revaluation reserve and adjusted to the hotel building by eliminating the accumulated depreciation of RM3,995,000.

Based on this valuation, the value of the development rights was RM57,000,000 as compared to its carrying value of RM9,880,000. The resultant surplus of RM47,162,000 had been credited to revaluation surplus.

(v) The hotel building and freehold land of TTD Sdn. Bhd., a subsidiary of the Company, stated at valuation was revalued during the current financial year by an independent qualified valuer, Yap Kian Ann, a member of the Institute of Surveyors, Malaysia, a registered valuer of Jordan Lee & Jaafar Sdn Bhd. The valuation was arrived at by the Comparison Method of Valuation where reference was made to similar properties that were sold recently and those that are currently offered for sale in the vicinity.

Based on this valuation, the value of the hotel building was RM58,000,000, as compared to the carrying value of RM44,581,000. The resultant surplus of RM6,311,000 had been credited to revaluation reserve and adjusted to the hotel building by eliminating the accumulated depreciation of RM892,000.

Based on this valuation, the value of the freehold land was RM110,000,000 as compared to its carrying value of RM16,133,000. The resultant surplus of RM70,764,000 had been credited to revaluation surplus.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

19. Property, plant and equipment (continued)

(b) Hotel properties (continued)

	Group 2010 RM'000	Group 2009 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	**74,892**	74,744
- buildings	**195,291**	119,873
	270,183	194,617
Net book value of assets pledged as security for borrowings (Note 17):		
- hotel properties	**43,793**	43,299

20. Property development activities

(a) Land held for property development

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Freehold land, at cost		**196,600**	185,889	**6,345**	6,345
Leasehold land, at cost		**33,100**	33,100	**-**	-
Development costs		**110,294**	110,494	**1,916**	830
		339,994	329,483	**8,261**	7,175
Add: Costs incurred during the financial year:					
- Land costs		**21,791**	20,043	**-**	-
- Development costs		**1,381**	1,747	**456**	1,086
Less: Disposal:					
- Land costs		**(8,097)**	(128)	**-**	-
- Development costs		**(5)**	-	**-**	-
		355,064	351,145	**8,717**	8,261
Less: Transferred to property development costs					
- Land costs	20(b)	**-**	(9,204)	**-**	-
- Development costs	20(b)	**(4,658)**	(1,947)	**-**	-
Less: Accumulated impairment losses		**(72,842)**	(72,842)	**-**	-
		277,564	267,152	**8,717**	8,261

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

20. Property development activities (continued)

(a) Land held for property development (continued)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Land held for property development is analysed as follows:				
- Freehold land, at cost	**210,294**	196,600	**6,345**	6,345
- Leasehold land, at cost	**25,003**	33,100	**-**	-
- Development costs	**115,109**	110,294	**2,372**	1,916
- Accumulated impairment losses	**(72,842)**	(72,842)	**-**	-
	277,564	267,152	**8,717**	8,261

(b) Property development costs

		Group	
		2010	**2009**
	Note	**RM'000**	**RM'000**
Freehold land, at cost		**124,286**	115,388
Leasehold land, at cost		**14,314**	14,314
Development costs		**158,726**	109,001
		297,326	238,703
Add: Costs incurred during the financial year:			
- Land costs		**44,007**	-
- Development costs		**18,900**	57,369
Add: Transferred from land held for property development:			
- Land costs	20(a)	**-**	9,204
- Development costs	20(a)	**4,658**	1,947
Charge out of costs in respect of completed developments during the financial year		**-**	(9,897)
		67,565	58,623
Less: Costs recognised as expense in income statement in previous years		**(201,557)**	(145,137)
Costs recognised as expense/charged out in income statement in current financial year		**(18,879)**	(66,317)
Charge out of costs recognised in income statement in respect of completed developments		**-**	9,897
		(220,436)	(201,557)
At 31 December		**144,455**	95,769

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

20. Property development activities (continued)

(b) Property development costs (continued)

	Group 2010 RM'000	Group 2009 RM'000
Property development costs are analysed as follows:		
Freehold land, at cost	**124,286**	115,082
Leasehold land, at cost	**58,321**	14,314
Development costs	**177,626**	156,779
Transferred from land held for property development	**4,658**	11,151
Accumulated costs recognised as an expense in income statement	**(220,436)**	(201,557)
	144,455	95,769

21. Investment properties

Group	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Building fittings RM'000	Capital work in progress RM'000	Total RM'000
2010							
At cost							
At 1 January		**102,773**	**107,935**	**1,460,504**	**359,479**	**-**	**2,030,691**
Reclassification		**-**	**-**	**(498)**	**498**	**-**	**-**
Additions		**-**	**-**	**67,606**	**5,511**	**20,090**	**93,207**
Transferred from property, plant and equipment	19	**-**	**-**	**36,619**	**-**	**6,830**	**43,449**
At 31 December		**102,773**	**107,935**	**1,564,231**	**365,488**	**26,920**	**2,167,347**
Accumulated depreciation							
At 1 January		**6,470**	**-**	**149,922**	**211,193**	**-**	**367,585**
Charge for the financial year		**1,877**	**-**	**26,865**	**20,437**	**-**	**49,179**
At 31 December		**8,347**	**-**	**176,787**	**231,630**	**-**	**416,764**
Net book value							
31 December 2010		**94,426**	**107,935**	**1,387,444**	**133,858**	**26,920**	**1,750,583**

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

21. Investment properties (continued)

Group	**Note**	**Leasehold land RM'000**	**Freehold land RM'000**	**Buildings RM'000**	**Building fittings RM'000**	**Total RM'000**
2009						
At cost						
At 1 January		-	107,935	1,355,629	359,465	1,823,029
Effect of adopting improvements to FRS 117	41	102,773	-	104,368	-	207,141
At 1 January - restated		102,773	107,935	1,459,997	359,465	2,030,170
Additions		-	-	507	14	521
At 31 December		102,773	107,935	1,460,504	359,479	2,030,691
Accumulated depreciation						
At 1 January		-	-	119,287	176,479	295,766
Effect of adopting improvements to FRS 117	41	5,426	-	1,363	-	6,789
At 1 January - restated		5,426	-	120,650	176,479	302,555
Charge for the financial year		1,044	-	29,272	34,714	65,030
At 31 December		6,470	-	149,922	211,193	367,585
Net book value						
31 December 2009		96,303	107,935	1,310,582	148,286	1,663,106

The fair value of the investment properties above were estimated at RM3,927,818,000 (2009: RM3,557,315,000) based on either valuations by independent qualified valuers or management's estimates. 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 property with net book value RM443,671,000 (2009: RM447,656,000) have been charged as security for borrowings as disclosed in Note 17. In addition, the master title of an investment property with net book value of RM602,851,000 (2009: RM594,042,000) had been deposited with a licensed bank for the security of a term loan as disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

22. Long term prepaid lease

	Note	Group 31 December 2010 RM'000	31 December 2009 RM'000 (Restated)
At cost			
At 1 January			
As previously reported		**7,327**	216,115
Effects of adopting improvements to FRS 117	41	**-**	(208,699)
As restated		**7,327**	7,416
Foreign exchange difference		**(659)**	(89)
At 31 December		**6,668**	7,327
Accumulated amortisation			
At 1 January			
As previously reported		**2,497**	9,258
Effects of adopting improvements to FRS 117	41	**-**	(6,994)
As restated		**2,497**	2,264
Current year amortisation		**227**	249
Foreign exchange difference		**(242)**	(16)
At 31 December		**2,482**	2,497
Net book value			
At 31 December		**4,186**	4,830

23. Investments in subsidiaries

	Company 2010 RM'000	2009 RM'000
At cost		
- Quoted shares	**858,152**	645,793
- Quoted warrants	**-**	4,998
- Unquoted shares	**1,137,412**	1,259,712
	1,995,564	1,910,503
Less: Accumulated impairment losses	**(5,745)**	(3,445)
	1,989,819	1,907,058
Market value of quoted shares	**1,114,941**	1,073,153
Market value of quoted warrants	**-**	49,988

Details of subsidiaries are set out in Note 42.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

24. Investments in associates

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost				
- Unquoted shares in Malaysia	**246,209**	242,389	**130,582**	130,582
- Unquoted shares outside Malaysia	**28,586**	25,059	**-**	-
	274,795	267,448	**130,582**	130,582
Group's share of revaluation surplus	**69,442**	69,680	**-**	-
Group's share of post acquisition reserves less losses	**212,327**	225,930	**-**	-
	556,564	563,058	**130,582**	130,582
Less: Impairment losses	**(12,334)**	(12,334)	**(2,200)**	(2,200)
	544,230	550,724	**128,382**	128,382

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Revenue	**245,835**	207,136
Profit after tax	**24,751**	27,833
Non-current assets	**686,431**	665,184
Current assets	**305,242**	287,627
Current liabilities	**(272,340)**	(238,045)
Non-current liabilities	**(162,769)**	(151,708)
Net assets	**556,564**	563,058
Less: Accumulated impairment losses	**(12,334)**	(12,334)
	544,230	550,724

Details of associates are set out in Note 43.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010
(continued)

25 (A). Financial instruments by category

Group	Available-for-sale financial assets at cost less impairment RM'000	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Assets as per statement of financial position:				
- Available-for-sale financial assets (unquoted shares, at cost less accumulated impairment)	6,152	-	-	6,152
- Financial assets at fair value through profit or loss (marketable securities)	-	60,438	-	60,438
- Trade and other receivables excluding pre-payments (including intercompany balances)	-	-	215,463	215,463
- Deposits with licensed banks	-	-	526,332	526,332
Total financial assets	6,152	60,438	741,795	808,385

	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:	
- Borrowings excluding finance lease liabilities	832,197
- Trade and other payables excluding statutory liabilities (including intercompany balances)	374,361
	1,206,558

Company	Available-for-sale financial assets at cost less impairment RM'000	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
Assets as per statement of financial position:				
- Available-for-sale financial assets (unquoted shares, at cost less accumulated impairment)	2,041	-	-	2,041
- Financial assets at fair value through profit or loss (marketable securities)	-	60,438	-	60,438
- Trade and other receivables excluding pre-payments (including intercompany balances)	-	-	419,723	419,723
- Deposits with licensed banks	-	-	216,159	216,159
Total financial assets	2,041	60,438	635,882	698,361

	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:	
- Borrowings excluding finance lease liabilities	200,000
- Trade and other payables excluding statutory liabilities (including intercompany balances)	82,897
	282,897

25(B). Credit quality of financial assets

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from customers with good collection track record with the Group. Management will continuously monitor closely the trade receivables which are past due with outstanding balances exceeding the security deposits. Those trade receivables balances falling under the category shall be impaired and/or written off during the financial year.

Bank deposits are mainly deposits with banks with high credit ratings assigned by international credit rating agencies.

26. Available-for-sale financial assets

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost				
Unquoted shares				
- In Malaysia	**11,784**	11,784	**3,900**	3,900
- Outside Malaysia	**23,271**	44,166	**-**	-
	35,055	55,950	**3,900**	3,900
Less: Accumulated impairment losses	**(28,903)**	(49,738)	**(1,859)**	(1,838)
	6,152	6,212	**2,041**	2,062

Available-for-sale financial assets consist of investment in unquoted ordinary shares and preference shares.

The cumulative preferential dividend rate and payment date, as well as redemption of all or any of the redeemable preference shares at par or at such other premium, are at the sole discretion of the Directors of the issuers of the redeemable preference shares.

The unquoted ordinary shares are measured at cost, less impairment as the range of reasonable fair value estimates is significantly wide and the possibilities of the various estimates cannot be reasonably assessed.

27. Inventories

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost				
Inventories of unsold properties	**63,097**	63,488	**38,224**	38,224
Hotel operating supplies	**1,712**	1,592	**-**	-
	64,809	65,080	**38,224**	38,224
At net realisable value				
Inventories of unsold properties	**-**	297	**-**	-
	64,809	65,377	**38,224**	38,224

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28. Financial assets at fair value through profit or loss

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Quoted shares- held for trading				
- In Malaysia	**60,438**	60,046	**60,438**	60,046

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in the statement of comprehensive income (Note 6). The fair value of equity securities is based on their current quoted prices in an active market as at 31 December 2010.

29. Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Trade receivables	**34,126**	66,366	**2,723**	7,530
Less: Provision for impairment	**(10,313)**	(12,290)	**(595)**	(595)
	23,813	54,076	**2,128**	6,935
Other receivables	**24,605**	20,232	**3,655**	15,145
Less: Provision for impairment	**(355)**	(5,810)	**(2,234)**	(5,810)
	24,250	14,422	**1,421**	9,335
Accrued billings	**16,186**	40,031	**-**	60
Dividend receivable	**-**	-	**24,813**	18,565
Sundry deposits	**9,480**	8,642	**2,402**	1,820
Prepayments	**19,486**	11,928	**1,124**	-
	93,215	129,099	**31,888**	36,715

The carrying amounts of trade and other receivables as at 31 December 2010 and 31 December 2009 approximated their fair values. Credit terms of trade receivables of the Group and Company ranged from 7 to 45 days (2009: 7 to 45 days).

As at 31 December 2010, trade receivables for the Group of RM15,054,000 (2009: RM39,199,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default, have met the Group's credit approval polices and are monitored on an on-going basis.

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Up to 3 months	**11,430**	16,413	**-**	23
3 to 6 months	**2,551**	22,091	**-**	185
Above 6 months	**1,073**	695	**2,128**	6,727
	15,054	39,199	**2,128**	6,935

29. Trade and other receivables (continued)

As at 31 December 2010, trade and other receivables for the Group of RM10,668,000 (2009: RM18,100,000) were impaired and provided for. It was assessed that a portion of the receivables may be recovered. The ageing of these receivables is as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Above 6 months	**10,668**	18,100	**2,829**	6,405

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	**33,189**	65,023	**2,723**	7,530
- US Dollar	**937**	1,343	**-**	-
	34,126	66,366	**2,723**	7,530

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**18,100**	22,020	**6,405**	6,369
Provision for receivables impairment	**1,674**	9,554	**-**	-
Receivables recovered	**(363)**	(2,818)	**-**	35
Receivables written off during the financial year as uncollectible	**(1,560)**	(7,296)	**-**	1
Unused amount reversed upon re-assessment of provision	**(7,183)**	(3,360)	**(3,576)**	-
At 31 December	**10,668**	18,100	**2,829**	6,405

The creation and reversal of provision for impairment of doubtful debts have been included in the income statement. Amounts charged to the provision account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

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30. Amounts owing by/(to) subsidiaries

	Company	
	2010	2009
	RM'000	RM'000
Amounts owing by subsidiaries	**283,831**	316,920
Less: Provision for impairment	**(4,163)**	(2,629)
	279,668	314,291
Amounts owing to subsidiaries	**55,433**	20,991

The amounts owing by subsidiaries represent advances which are unsecured and are repayable on demand. The amounts owing by subsidiaries are interest free (2009: interest free) except for an amount of RM219,805,000 (2009: RM245,680,000), which carries interest at a rate of 3.75% (2009: 3.75%) per annum. The amounts owing to subsidiaries are interest free (2009: interest free).

The amounts owing by/(to) subsidiaries are denominated in the following currencies:

	Company	
	2010	2009
	RM'000	RM'000
Amounts owing by subsidiaries:		
Ringgit Malaysia	**279,593**	307,174
Singapore Dollar	**75**	7,117
	279,668	314,291
Amounts owing to subsidiaries:		
Ringgit Malaysia	**37,877**	3,426
Hong Kong Dollar	**17,556**	17,565
	55,433	20,991

31. Amounts owing by/(to) associates

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Amounts owing by associates	**134,140**	124,567	**112,768**	101,814
Less: Provision for impairment	**(3,477)**	(3,477)	**(3,477)**	(3,477)
	130,663	121,090	**109,291**	98,337
Amounts owing to associates	**26,321**	25,583	**-**	-

The amounts owing by/(to) associates represent advances, which are unsecured, interest free (2009: interest free) and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
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31. Amounts owing by/(to) associates (continued)

Amounts owing by/(to) associates are denominated in the following currencies:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Amounts owing by associates:				
Ringgit Malaysia	**110,785**	98,667	109,291	98,337
Great Britain Pound Sterling	**19,537**	22,356	-	-
Thai Baht	**269**	-	-	-
Philippines Peso	**65**	59	-	-
US Dollar	**7**	8	-	-
	130,663	121,090	109,291	98,337
Amounts owing to associates:				
Ringgit Malaysia	**11,187**	10,843	-	-
Australian Dollar	**15,130**	14,736	-	-
Great Britain Pound Sterling	**4**	4	-	-
	26,321	25,583	-	-

32. Cash held under Housing Development Accounts

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

The weighted average effective interest rates of bank balances under Housing Development Accounts during the financial year were 2% per annum (2009: 1% per annum).

33. Cash and bank balances

Cash and bank balances included in the statements of cash flows comprise the following balance sheet amounts:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	**526,332**	542,587	**216,159**	234,774
Cash in hand	**1,649**	1,334	**7**	7
Bank balances	**52,875**	50,468	**2,071**	5,708
	580,856	594,389	**218,237**	240,489
The currency exposure profile of cash and bank balances is as follows:				
- Ringgit Malaysia	**445,499**	442,110	**85,458**	134,904
- US Dollar	**95,550**	107,922	**93,323**	105,585
- Singapore Dollar	**3,410**	3,403	**3,070**	-
- Hong Kong Dollar	**32,354**	36,966	**32,343**	-
- Australian Dollar	**4,043**	3,988	**4,043**	-
	580,856	594,389	**218,237**	240,489

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

33. Cash and bank balances (continued)

Included in the above is cash and bank balances amounting to RM222,005,000 (2009: RM182,756,000) for the Group assigned as security pursuant to the redeemable secured bonds and term loans of certain subsidiaries (Note 17), out of which RM13,934,000 is restricted for use and is maintained by the trustee for the payment of interest, income tax and for redemption of the bond.

Deposits with licensed banks of the Group and Company at the reporting date both have an average maturity period of 32 days (2009: 41 days) and 23 days (2009: 29 days) respectively. Bank balances are deposits held at call with banks and earn no interest.

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

	Group		Company	
	2010	2009	2010	2009
	% per annum	% per annum	% per annum	% per annum
Deposits with licensed banks				
- Ringgit Malaysia	**2.76**	1.99	**2.91**	2.03
- US Dollar	**0.14**	0.14	**0.14**	0.14
- Singapore Dollar	**0.25**	0.10	**0.25**	-
- Hong Kong Dollar	**0.18**	0.70	**0.18**	-
- Australian Dollar	**3.10**	2.50	**3.10**	-

34. Trade and other payables

	Group			Company	
	2010	31 December 2009	Restated 1 January 2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	**260,665**	215,359	290,836	**21,203**	21,716
Accruals	**82,254**	97,859	64,230	**3,330**	3,975
Other payables	**35,849**	32,516	68,617	**2,931**	3,332
Deposits received from tenants	**56,407**	49,893	49,645	**1,208**	1,105
	435,175	395,627	473,328	**28,672**	30,128
Less: Non-current portion:					
Deposit received from tenants	**(30,728)**	(30,482)	(35,515)	**-**	-
Current portion	**404,447**	365,145	437,813	**28,672**	30,128
The currency exposure profile of trade payables is as follows:					
- Ringgit Malaysia	**260,516**	203,834	279,932	**21,203**	21,716
- US Dollar	**149**	11,525	10,904	**-**	-
	260,665	215,359	290,836	**21,203**	21,716

Credit terms of trade payables is 30 days (2009: 30 days). Included in trade payables of the Group is retention on contract sum of RM17,129,000 (2009: RM27,609,000). The fair value of the non-current portion of deposits received from tenants at the reporting date was approximately RM30.7 million (2009: RM30.5 million)

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

35. Jointly controlled entity

	Group	
	2010	**2009**
	RM'000	**RM'000**
Amount owing by/(to) a jointly controlled entity	**10,969**	(10,410)
Share of profit of a jointly controlled entity	**102**	6,993
	11,071	(3,417)

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	
	2010	**2009**
	RM'000	**RM'000**
Current assets	**21,718**	25,164
Current liabilities	**(10,647)**	(28,581)
	11,071	(3,417)

The share of results of the jointly controlled entity is as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Contract revenue	**12,059**	18,122
Contract costs	**(11,957)**	(18,202)
Profit/(loss) for the financial year distributed	**102**	(80)

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.

36. Segment reporting – Group – By business segments

Management has determined the operating segments based on the various reports prepared for the Board of Directors that are used to make strategic decisions.

The Group is organised into three 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

Other operations of the Group mainly comprise civil, building construction, investment holding and project management services; none of which are of a significant size to be reported separately.

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

36. Segment reporting – Group – By business segments (continued)

2010	Note	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Others RM'000	Group RM'000
Revenue						
Total revenue		71,269	444,374	207,999	65,199	788,841
Intersegment revenue		-	(18,586)	(5,465)	(45,430)	(69,481)
External revenue		71,269	425,788	202,534	19,769	719,360
Results						
Segment results (external)		40,201	234,939	45,080	(568)	319,652
Unallocated corporate expenses						(25,506)
Interest income						12,778
Profit from operations						306,924
Finance costs						(53,753)
Share of results of associates		4,783	2,975	14,475	2,518	24,751
Profit before tax						277,922
Tax expense						(77,966)
Profit for the financial year						199,956
Other information						
Segment assets		640,603	1,997,219	711,196	413,466	3,762,484
Associates		83,998	22,526	398,026	39,680	544,230
Jointly controlled entity		-	-	-	11,071	11,071
Unallocated assets		247,572	34,605	59,154	26,730	368,061
Total assets						4,685,846
Segment liabilities		215,516	787,526	40,831	42,623	1,086,496
Unallocated liabilities						344,148
Total liabilities						1,430,644
Capital expenditure:						
- property, plant and equipment	19	4,424	7,032	41,817	85	53,358
- investment properties	21	-	93,207	-	-	93,207
Depreciation:						
- property, plant and equipment	19	1,526	5,117	41,347	774	48,764
- investment properties	21	-	49,179	-	-	49,179
- long term prepaid lease	22	-	-	227	-	227
Impairment losses:						
- financial assets at fair value through profit or loss	6	38	-	-	-	38

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

36. Segment reporting – Group – By business segments (continued)

2009	Note	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Others RM'000	Group RM'000
Revenue						
Total revenue		85,580	408,917	159,345	116,780	770,622
Intersegment revenue		-	(17,295)	(4,193)	(106,692)	(128,180)
External revenue		85,580	391,622	155,152	10,088	642,442
Results						
Segment results (external)		28,869	171,414	43,344	24,601	268,228
Unallocated corporate expenses						(28,148)
Interest income						10,765
Profit from operations						250,845
Finance cost						(57,142)
Share of results of associates		4,413	884	22,380	156	27,833
Profit before tax						221,536
Tax expense						(42,316)
Profit for the financial year						179,220
Other information						
Segment assets		563,812	1,927,358	552,821	445,951	3,489,942
Associates		83,905	19,552	408,796	38,471	550,724
Unallocated assets						426,509
Total assets						4,467,175
Segment liabilities		196,127	716,652	33,956	24,474	971,209
Jointly controlled entity		-	-	-	3,417	3,417
Unallocated liabilities						521,148
Total liabilities						1,495,774
Capital expenditure:						
- property, plant and equipment	19	4,864	3,215	96,785	72	104,936
- investment properties	21	-	521	-	-	521
Depreciation:						
- property, plant and equipment	19	2,131	4,893	31,255	1,056	39,335
- investment properties	21	-	65,030	-	-	65,030
- long term prepaid lease	22	-	-	249	-	249
Impairment losses:						
- associates	6	-	-	-	10,134	10,134
- Land held for property development	6	753	-	-	-	753
- financial assets at fair value through profit or loss	6	-	-	-	535	535
Reversal of impairment losses:						
- financial assets at fair value through profit or loss	6	-	-	-	23,025	23,025
- property, plant and equipment	6	-	-	6,000	-	6,000

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

37. Contingent liabilities

	Company 2010 RM'000	Company 2009 RM'000
Corporate guarantees issued for banking facilities granted to subsidiaries (unsecured)	**416,385**	323,726

38. Capital commitment

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

	Group 2010 RM'000	Group 2009 RM'000
Authorised by Directors and contracted		
- property, plant and equipment	**22,126**	64,850
Authorised by Directors but not contracted		
- property, plant and equipment	**11,944**	19,020
	34,070	83,870

39. 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 negotiated amongst the parties.

(i) Group

	Group 2010 RM'000	Group 2009 RM'000
(a) Associates		
(i) Repayments of advances from associates	**5,212**	3,119
(ii) Advances to associates	**5,794**	1,300
(iii) Repayment of advances to associates	**-**	2,106
(iv) Advances from associates	**266**	-
(b) Jointly controlled entity		
(i) Repayments of advances from jointly controlled entity	**-**	254
(ii) Repayments of advances to jointly controlled entity	**5,640**	-
(iii) Advances to jointly controlled entity	**8,848**	-
(iv) Advances from jointly controlled entity	**-**	8,952

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

39. Significant related party disclosures (continued)

(i) Group (continued)

(c) Other related parties	**Relationship**
Cahaya Utara Sdn Bhd	An associate of 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.
Strass Media Sdn Bhd	A subsidiary of 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.

	Group	
	2010	**2009**
	RM'000	**RM'000**
Light boxes rental, pedestrian bridge and office rental		
- Strass Media Sdn Bhd	**1,168**	1,089
Management/marketing fee income		
- Cahaya Utara Sdn Bhd	**1,276**	1,249

(ii) Company

	Company	
	2010	**2009**
	RM'000	**RM'000**
(a) Subsidiaries		
(i) Interest charged to subsidiaries	**8,911**	16,981
(ii) Interest charged by a subsidiary	**-**	3,732
(iii) Advances to subsidiaries	**216,031**	141,273
(iv) Advances from subsidiaries	**47,935**	71,783
(v) Repayment of advances from subsidiaries	**256,647**	813,431
(vi) Repayment of advances to subsidiaries	**12,106**	797,643
(b) Associates		
(i) Repayment of advances from associates	**977**	1,300
(ii) Advances to associates	**1,160**	1,300

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

39. Significant related party disclosures (continued)

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Salaries, bonus and allowance	**17,478**	16,142
Termination benefits	**-**	212
Post-employment benefits	**181**	-
Defined contribution plan	**1,953**	1,804
Other short term benefits	**296**	154
	19,908	18,312

Key management comprises management personnel having authority and responsibility for planning, directing and controlling the activities of the Group.

40. Changes in Group structure

Acquisitions during the financial year

(a) On 12 January 2010, the Company announced to Bursa Malaysia Securities Berhad that the Company had acquired 100% of the issued and paid-up share capital of Idaman Spektra Sdn Bhd, comprising two ordinary shares of RM1.00 each fully paid at par.

Voluntary liquidation during the financial year

(b) On 20 May 2010, the Company announced to Bursa Malaysia Securities Berhad that the following dormant wholly-owned subsidiaries of the Group will be undertaking members' voluntary liquidation under Section 254(1) of the Companies Act, 1965:

(i) Ipoh Garden Shopping Complex Sdn Bhd
(ii) K Parking Sdn Bhd
(iii) Mid Valley City Residences Sdn Bhd
(iv) Express Management Consultants Sdn Bhd
(v) Pinex Sdn Bhd
(vi) T-Bond Construction Sdn Bhd
(vii) Teamwork M & E Sdn Bhd

(c) On 27 January 2011, the Company announced to Bursa Malaysia Securities Berhad that the following wholly-owned subsidiaries will be dissolved on 28 January 2011 pursuant to Section 272(5) of the Companies Act, 1965:

(i) K Parking Sdn Bhd
(ii) Mid Valley City Residences Sdn Bhd
(iii) T-Bond Construction Sdn Bhd

Voluntary striking-off during the financial year

(d) On 24 September 2010, the Company announced to Bursa Malaysia Securities Berhad that following the application made to the Companies Commission of Malaysia (CCM) for voluntary striking-off of Permata Dunia Sdn Bhd, CCM had in its letter dated 24 September 2010 notified that Permata Dunia Sdn Bhd will be struck of the register and dissolved upon the expiration of three months from 24 September 2010 under Section 308(2) of the Companies Act, 1965.

(e) On 26 October 2010, the Company announced to Bursa Malaysia Securities Berhad that following the application made to the Companies Commission of Malaysia (CCM) for voluntary striking-off of Amanbest Sdn Bhd, CCM had in its letter dated 25 October 2010 notified that Amanbest Sdn Bhd will be struck of the register and dissolved upon the expiration of three months from 25 October 2010 under Section 308(2) of the Companies Act, 1965.

The changes in Group structure had no significant effect on the financial results of the Group in the preceding financial year and the financial position of the Group as at the end of the preceding financial year.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

41. Reclassification of prior year comparatives

(a) The list of new accounting standards and amendments to published standards that are effective for the financial year beginning 1 January 2010 is set out in Note 2 to the financial statements.

Other than FRS 117, there are no other impact of new standards and amendments on the financial statements of the Group and of the Company.

FRS 117 resulted in the reclassification of prepaid land lease payments to leasehold land under property, plant and equipment. (see Note 2.1(a)).

The financial effects on the Group's financial statements for the current and prior years arising from the adoption of FRS 117 are as follows:

	Note	As previously reported RM '000	Effects of reclassification RM '000	As restated RM '000
At 31 December 2008/1 January 2009				
Property, plant and equipment:	19			
- cost		933,854	1,558	935,412
- accumulated depreciation		(148,827)	(205)	(149,032)
Investment properties	21			
- cost		1,823,029	207,141	2,030,170
- accumulated depreciation		(295,766)	(6,789)	(302,555)
Long term prepaid lease	22			
- cost		216,115	(208,699)	7,416
- accumulated depreciation		(9,258)	6,994	(2,264)

(b) Certain comparatives were reclassified or restated to better reflect the substance of the balances and to conform with current year's presentation.

The financial effects arising from the reclassifications were as follows:

	As previously reported RM '000	Effects of reclassification RM '000	As restated RM '000
At 31 December 2009			
Deposits received from tenants - current	395,627	(30,482)	365,145
Deposits received from tenants - non-current	-	30,482	30,482

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
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42. Subsidiaries

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2010	2009
Abad Flora Sdn. Bhd. [1]	Property Investment	Malaysia	**100.0**	100.0
Amanbest Sdn. Bhd. [2] *(application for striking off submitted)*	Dormant	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**	100.0
Corpool Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Danau Bidara (M) Sdn. Bhd. [15]	Property Holding	Malaysia	**100.0**	100.0
Dian Rezki Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Earning Edge Sdn. Bhd. [16]	Investment Holding	Malaysia	**65.0**	65.0
Ensignia Construction Sdn. Bhd.	Investment Holding and Construction	Malaysia	**100.0**	100.0
Express Management Consultants Sdn. Bhd. [17] *(under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
* Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	**100.0**	100.0
Harta Villa Sdn. Bhd. [18]	Property Development	Malaysia	**100.0**	100.0
ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
ICDC Management Sdn. Bhd. [19]	Property Management	Malaysia	**100.0**	100.0
Idaman Spektra Sdn Bhd	Property Investment	Malaysia	**100.0**	0.0
IGB Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	**100.0**	100.0
IGB Properties Sdn. Bhd.	Property Investment and Management	Malaysia	**100.0**	100.0
Innovation & Concept Development Co. Sdn. Bhd. [20]	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. *(under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
IST Building Products Sdn Bhd	Trading of Building Materials	Malaysia	**100.0**	100.0
IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Kemas Muhibbah Sdn. Bhd. [21]	Property Development	Malaysia	**100.0**	100.0
KennyVale Sdn. Bhd. [22]	Property Development	Malaysia	**100.0**	100.0
Kondoservis Sdn. Bhd. [23]	Provision of Management Services to Condominiums	Malaysia	**100.0**	100.0

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(continued)

42. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2010	2009
	K Parking Sdn. Bhd. *(under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	KrisAssets Holdings Berhad	Investment Holding	Malaysia	**73.5**	73.5
	Lagenda Sutera (M) Sdn. Bhd. [24]	Property Investment	Malaysia	**100.0**	100.0
*	Lingame Company Limited	Investment Holding	Hong Kong	**100.0**	100.0
*	MiCasa Hotel Limited [25]	Hotelier	Myanmar	**65.0**	65.0
	Mid Valley Capital Sdn Bhd [26]	Special Purpose Vehicle for Issuance of Bonds	Malaysia	**73.5**	73.5
	Mid Valley City Sdn. Bhd. [27]	Owner and Operator of Mid Valley Megamall	Malaysia	**73.5**	73.5
	Mid Valley City Developments Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Mid Valley City Energy Sdn Bhd	Distribution of Electricity	Malaysia	**100.0**	100.0
	Mid Valley City Enterprise Sdn.Bhd.	Hotel Operator and Owner	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 Property Services Sdn Bhd [28]	Provision of building and maintenance services for all common areas within Mid Valley City	Malaysia	**100.0**	100.0
	Mid Valley City Residences Sdn Bhd *(under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
	Mid Valley City South Tower Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Southpoint Sdn Bhd *(formerly known as Mid Valley City Convention Centre Sdn Bhd.)*	Property Investment	Malaysia	**100.0**	100.0
	Murni Properties Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint North Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint South Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
	MVC CyberManager Sdn Bhd	Operation of MSC cyber centre in Mid Valley City	Malaysia	**100.0**	100.0
	MVEC Exhibition and Event Services Sdn. Bhd.	Provision of Exhibition Services	Malaysia	**100.0**	100.0
	Nova Pesona Sdn Bhd [29]	Property Development	Malaysia	**100.0**	50.0 (+ 1 share)
	OPT Ventures Sdn. Bhd. [30]	Property Development	Malaysia	**70.0**	70.0
	Outline Avenue (M) Sdn. Bhd. [31]	Property Development	Malaysia	**89.6**	89.6
	Pacific Land Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
*	Pacific Land Pte Ltd [32]	Investment Holding	Singapore	**100.0**	100.0
	Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Pekeliling Land Sdn. Bhd.	Property Holding	Malaysia	**100.0**	100.0
	Pekeliling Property Sdn. Bhd.	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. [33] *(Striking off completed in 2010)*	Investment Holding	Malaysia	**0.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

42. Subsidiaries (continued)

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2010	2009
Permata Efektif (M) Sdn. Bhd. [34]	Property Development	Malaysia	**100.0**	100.0
Pinex Sdn. Bhd. [35] *(under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Primanah Property Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
Puncak Megah (M) Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
Rapid Alpha Sdn. Bhd.	Construction	Malaysia	**100.0**	100.0
Reka Handal Sdn. Bhd. [36]	Property Development	Malaysia	**75.0**	75.0
Riraiance Enterprise Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Salient Glory City Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
Sigma Setiaria Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
Tanah Permata Sdn. Bhd. [37]	Hotelier	Malaysia	**100.0**	100.0
Tan & Tan Developments Berhad	Property Development, Provision of Project Management Services and Investment Holding	Malaysia	**100.0**	100.0
Tan & Tan Realty Sdn. Bhd. [38]	Property Investment and Provision of Related Services and Operating of Food Court	Malaysia	**80.0**	80.0
T-Bond Construction Sdn. Bhd. [39] *(under members' voluntary liquidation)*	Dormant	Malaysia	**100.0**	100.0
Teamwork M & E Sdn. Bhd. [40] (under members' voluntary liquidation)	Dormant	Malaysia	**100.0**	100.0
TTD Sdn. Bhd. [41]	Hotelier	Malaysia	**100.0**	100.0
Verokey Sdn Bhd	Dormant	Malaysia	**100.0**	100.0
Wong Siew Choong Sdn Bhd [42]	Property Investment	Malaysia	**100.0**	100.0
X-Speed Sdn. Bhd.	Dormant	Malaysia	**100.0**	100.0

Notes:

1-5, 7, 9, 11-13, 15, 18, 22, 23, 29-31, 34-36, 38-41	- Held by Tan & Tan Developments Berhad.
6	- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 35.0% and 20.0% respectively.
8	- Held by Lingame Company Limited.
10, 14, 24, 32, 37	- Held by Pacific Land Sdn. Bhd.
16	- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.
17, 19, 20	- Held by ICDC Holdings Sdn. Bhd.
21	- Held by IGB Project Management Services Sdn. Bhd.
25	- Held by Earning Edge Sdn. Bhd.
26, 27	- Held by KrisAssets Holdings Berhad
28	- Held by Mid Valley City Developments Sdn. Bhd.
33	- Held by Corpool Holdings Sdn. Bhd.
36	- Held by TTD Sdn. Bhd.
42	- Held by Dian Rezki Sdn. Bhd.

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010
(continued)

43. Associates

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2010	2009
*	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
	Detik Harapan Sdn Bhd	Dormant	Malaysia	**40.0**	40.0
*	DMV Sdn Bhd[3]	Property Development	Malaysia	**39.0**	39.0
	Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [4]	Development and Investment in Medical Centres	Malaysia	**30.0**	30.0
	Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	**50.0**	50.0
	Hampshire Properties Sdn Bhd [5]	Property Development and Property Investment	Malaysia	**50.0**	50.0
*	HICOM Tan & Tan Sdn. Bhd. [6]	Property Development	Malaysia	**50.0**	50.0
	IGB (Thailand) Co Ltd	Property Investment	Thailand	**0.0**	49.0
+	Istaron Limited [7]	Investment Holding	Hong Kong	**50.0**	50.0
	Johan Kekal Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
	Kumpulan Sierramas (M) Sdn.Bhd. [8]	Property Development	Malaysia	**50.0**	50.0
	Kundang Properties Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
*	Kyami Pty. Ltd. [9]	Investment Holding	Australia	**40.0**	40.0
	Merchant Firm Limited [10]	Investment Holding	British Virgin Islands	**49.5**	49.5
	New Commercial Investments Ltd [11]	Investment Holding	British Virgin Islands	**49.6**	49.6
	Pacific Land Company Limited [12]	Investment Holding	Thailand	**25.0**	25.0
	Permata Alasan (M) Sdn Bhd [13]	Property Development and Property Investment	Malaysia	**50.0**	50.0
	Ravencroft Investments Incorporated [14]	Investment Holding	British Virgin Islands	**49.5**	49.5
+	Saigon Inn Hotel Co. [15]	Hotelier	Vietnam	**29.3**	33.8
*	Sierramas Landscape Services Sdn Bhd [16]	Landscaping and Horticulture	Malaysia	**50.0**	50.0
*	St Giles Hotel Ltd. [17]	Hotels and Motels with Restaurants	United Kingdom	**49.5**	49.5
*	St Giles Hotel (Heathrow) Ltd. [18]	Hotels and Motels with Restaurants	United Kingdom	**49.6**	49.6
	Technoltic Engineering Sdn Bhd	Servicing, Maintenance and Installation of Elevators	Malaysia	**40.0**	40.0
*	Tentang Emas Sdn. Bhd. [19]	Investment Holding	Malaysia	**49.0**	49.0

Notes:

1, 4, 5, 6, 8, 9, 13, 19	- 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, 12	- Held by Pacific Land Sdn. Bhd.
10	- Held by Ravencroft Investments Incorporated
11	- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.
14, 17	- Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd. 27.72%, 7.65% and 14.10% respectively.
15	- Held by Crystal Centre Properties (International) Ltd.
16	- Held by Kumpulan Sierramas (M) Sdn. Bhd.
18	- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.

+ 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
for the financial year ended 31 December 2010
(continued)

44. Cash and cash equivalents

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash in hand	33	**1,649**	1,334	**7**	7
Bank balances	33	**52,875**	50,468	**2,071**	5,708
Deposit with licensed banks	33	**526,332**	542,587	**216,159**	234,774
Cash held under Housing Development Accounts	32	**47,901**	51,864	**16,284**	11,814
		628,757	646,253	**234,521**	252,303
Less: Restricted cash	33	**(13,924)**	(13,877)	**-**	-
		614,833	632,376	**234,521**	252,303

45. Significant events after reporting date

(a) On 14 October 2010, KrisAssets Holdings Berhad ("KrisAssets"), a subsidiary of the Company, announced to Bursa Malaysia that it will issue RM300 million nominal value 7-year redeemable convertible secured bonds ("RCSB"). The transaction was approved by Bursa Malaysia and Securities Commission on 2 November 2010 and 2 December 2010 respectively. The subscription agreement was signed on 11 January 2011 and the RCSB was issued on 30 March 2011.

(b) On 25 March 2011, the Board of Directors announced to Bursa Malaysia that the Company has entered into a conditional share sale agreement with KrisAssets on the proposed disposal of 100% equity interest in Mid Valley City Gardens Sdn Bhd for a cash consideration of RM215.7 million. The proposed disposal is pending fulfillment of conditions precedent, and is expected to be completed by third-quarter of 2011.

46. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 12 April 2011.

47. Disclosure of realised and unrealised retained profits/(accumulated losses)

The following analysis is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

	Group 2010 RM '000
Total retained profits of the Company and its subsidiaries:	
- Realised	**1,747,262**
- Unrealised	**(110,162)**
	1,637,100
Total retained profits of the associates	
- Realised	**200,431**
- Unrealised	**(277)**
	200,154
Less: Consolidation adjustments	**(282,560)**
Total Group retained profits	**1,554,694**

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, Robert Tan Chung Meng and Tan Kai Seng, 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 32 to 100 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 2010 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 12 April 2011.

Robert Tan Chung Meng
Managing Director

Tan Kai Seng
Director

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, Chai Lai Sim, the officer primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 100 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 12 April 2011.

Before me:

Aishah bt Shahul Hameed, PJK
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
to the members of IGB Corporation Berhad
(Incorporated in Malaysia)
(Company No. 5745-A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IGB Corporation Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory Notes, as set out on pages 32 to 100.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants
Kuala Lumpur
12 April 2011

SHIRLEY GOH
(No. 1778/08/12 (J))
Chartered Accountant

IGB Corporation Berhad (5745-A)

PROXY FORM

I/We (full name as per Identification/Certificate of Incorporation) ____________________

Identification/Company No. ____________________ CDS Account No. ____________________

of (full address) ____________________

____

being a member of IGB Corporation Berhad hereby appoint (full name as per Identification/Passport) ____________________

Identification/Passport No. ____________________ of (full address) ____________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 47th AGM of the Company to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, on Thursday, 12 May 2011, at 2.30 p.m. and at any adjournment thereof, in the manner indicated below:

No.	Resolutions	For	Against
1.	Receipt of Audited Financial Statements and Reports of the Directors and Auditors thereon		
2.	Re-election of Tan Boon Seng		
3.	Re-election of Robert Tan Chung Meng		
4.	Re-election of Yeoh Chong Swee		
5.	Re-appointment of Messrs PricewaterhouseCoopers as Auditors		
6.	Re-appointment of Tan Sri Abu Talib bin Othman		
7.	Authorisation for Directors to issue shares		
8.	Renewal of Share Buy-Back Mandate		
9.	Renewal of RRPT Mandate		

Signed (and sealed) this ____________________ day of ____________________ 2011

Number of shares held

____
Signature of Member/Common Seal

Note:
A proxy 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 is entitled to appoint not more than two (2) proxies to attend and vote at the meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy. In the case of a corporate member, the proxy form must be either under seal or under the hand of an attorney duly authorised. The proxy form must be deposited at the Registered Office/Share Registrar 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. The Annual Report 2010 and Proxy Form can be accessed at www.igbcorp.com.

Fold this flap for sealing

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AFFIX
STAMP

The Company Secretary/Share Registrar

IGB Corporation Berhad (5745-A)

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

1st fold here

IGB Corporation Berhad (5745-A)
Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel: (603) 2289 8989   Fax: (603) 2289 8802   Website: www.igbcorp.com

IGB Corporation Berhad (5745-A)

ADDENDUM TO IGB ANNUAL REPORT 2010 IN RELATION TO INDEPENDENT AUDITORS' REPORT

TO : THE SHAREHOLDERS OF IGB CORPORATION BERHAD ('IGB')

With reference to IGB Annual Report 2010, the Board of Directors of the Company wishes to inform that the highlighted paragraph was inadvertently omitted from the Independent Auditors' Report as contained in page 102. The said Independent Auditors' Report shall therefore be read to include the highlighted paragraph.

A copy of the Addendum is attached.

By Order of the Board

Tina Chan
Secretary

Kuala Lumpur
29 April 2011

INDEPENDENT AUDITORS' REPORT

to the members of IGB Corporation Berhad
(Incorporated in Malaysia)
(Company No. 5745-A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IGB Corporation Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory Notes, as set out on Note 1 to Note 46.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 47 on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants
Kuala Lumpur
12 April 2011

SHIRLEY GOH
(No. 1778/08/12 (J))
Chartered Accountant