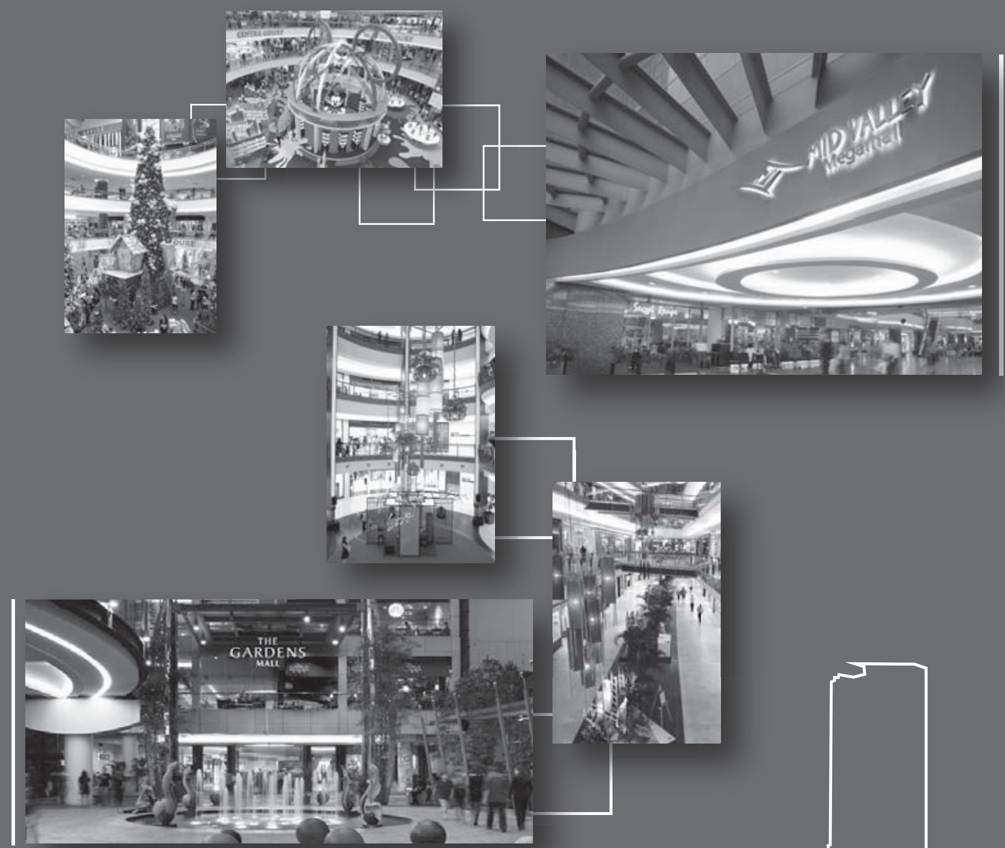

www.igbcorp.com

IGB Corporation Berhad (5745-A)
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Tel: (603) 2289 8989 Fax: (603) 2289 8802

IGB Corporation Berhad (5745-A)

Annual Report | 2012


Mid Valley City


Garden Manor

IGB Corporation Berhad (5745-A)

Annual Report | 2012


Park Manor


G Residence

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Ninth Annual General Meeting ("49th 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, 30 May 2013 at 3.00 p.m. for the transaction of the following business:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2012 and Reports of the Directors and Auditors thereon.

2. To re-elect Robert Tan Chung Meng who retires by rotation pursuant to Article 85 of the Company's Articles of Association ("Articles"). (Resolution 1)

3. To re-elect the following Directors who retire by rotation pursuant to Article 86 of the Company's Articles:

   (a) Tony Tan @ Choon Keat (Resolution 2)
   (b) Tan Kai Seng (Resolution 3)

4. To re-appoint PricewaterhouseCoopers ("PwC") as Auditors of the Company for the financial year ending 31 December 2013 and to authorise the Directors to fix their remuneration. (Resolution 4)

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, retiring pursuant to Section 129(2) of the Act, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting ("AGM")." (Resolution 5)

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 ("Section 132D Mandate") and that such authority, unless revoked or varied by the Company in general meeting, shall continue in force until 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 6)

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

   "THAT subject to the Act, the Company's Memorandum and Articles and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company be and is 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 number of shares purchased pursuant to the Share Buy-Back Mandate (in aggregate with the shares then still held by the Company) 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 and/or share premium of the Company as at 31 December 2012; 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 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 7)

(c) Renewal of existing and new 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 the Related Parties as specified in Part B, Section 2.2.1 of the Statement/Circular to Shareholders dated 30 April 2013 ('"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 of the Company

("RRPT Mandate");

AND THAT the RRPT Mandate, unless revoked or varied by the Company in general meeting, shall continue in force until 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 8)

7. To consider any other business of which due notice shall have been given in accordance with the Act and the Articles.

By Order of the Board

Tina Chan
Company Secretary

Kuala Lumpur
30 April 2013

Notes to the Agenda:

(1) The Agenda is meant for discussion only as there is no requirement under the Act to submit a resolution for shareholders to vote on the Audited Financial Statements.

(2) Pursuant to Article 85 of the Articles which requires 1/3 of the Directors to retire from office by rotation.

Robert Tan Chung Meng, the Group Managing Director ("Group MD"), is obliged to retire from office but eligible for re-election on such retirement.

(3) Pursuant to paragraph 7.26 of the MMLR and Article 86 of the Articles which require every Director to submit himself for re-election at least once in each 3-year period.

Tony Tan @ Choon Keat, a Non-Independent Non-Executive Director ("NINED") and Tan Kai Seng, an Independent Non-Executive Director ("INED"), are obliged to retire from office but eligible for re-election on such retirement.

For Resolutions 1, 2 and 3, the Nomination Committee ("NC") has evaluated the individual merits of the above 3 retiring Directors as well as assessed the independence of Tan Kai Seng, the chairman of the Audit Committee, who has served as an INED for a cumulative term of 9 years. NC has recommended to the Board to support their re-election having regard to the individual's experience, contributions and performance, and for Tan Kai Seng to continue to act as an INED in view of his vast experience in the finance industry that enable him to provide check and balance to the Board with his unfettered and independent judgement. The Board has endorsed NC's recommendation for the re-election of the 3 retiring Directors to be approved by shareholders at the 49th AGM.

The details of the 3 retiring Directors who are standing for re-election referred to in Resolutions 1, 2 and 3 are set out in Profile of Directors.

(4) Pursuant to Section 172(2) of the Act and Article 133 of the Articles which require the Company at each AGM to appoint independent auditors to serve until the next AGM.

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

Notice of Annual General Meeting
(continued)

(5) Pursuant to Section 129(6) of the Act which requires Directors over the age of 70 to be re-appointed by the shareholders every year.

Tan Sri Abu Talib bin Othman, the Independent Non-Executive Chairman, is subject to such retirement. His re-appointment shall take effect if Resolution 5 has been passed by a majority of not less than 3/4 of the members present and voting in person or by proxies at the 49th AGM.

NC has also assessed the independence of Tan Sri Abu Talib bin Othman who has served the Board more than 9 years, and recommended his re-appointment to continue to act as the Independent Non-Executive Chairman of the Company until the conclusion of the next AGM having regard to the individual's calibre, qualifications, experience and personal qualities to carry his role and responsibilities effectively as the Board Chairman with his unfettered and independent judgement in the interest of the Company and shareholders. The Board has endorsed NC's recommendation for the re-appointment of Tan Sri Abu Talib bin Othman to be approved by the shareholders at the 49th AGM.

The profile of Tan Sri Abu Talib bin Othman is set out in Profile of Directors.

(6) (a) Resolution 6 is to renew, effective until the next AGM, the Section 132D Mandate for the Directors to allot and issue up to 10% of the Company's issued share capital 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 issued pursuant to the mandate obtained at the last AGM.

(b) Resolution 7 is to renew, effective until the next AGM, the Share Buy-Back Mandate for the Company to make purchases of its issued shares. The Company intends to use internal sources of funds to finance purchases of its shares. Please refer to the Statement/Circular.

(c) Resolution 8 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.

Notes relating to Proxy and Registration:

(1) Appointment of proxy

(a) Only shareholders whose names appear in the Record of Depositors as at 23 May 2013 are entitled to attend the 49th AGM or appoint a proxy to attend and vote on his/her behalf.

(b) A shareholder is entitled to appoint not more than 2 proxies to participate in, and speak at and vote at, the 49th AGM on behalf of the shareholder. The proxy need not be a shareholder of IGB.

(c) A shareholder, who is an exempt authorised nominee which holds shares in IGB for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) A member who appoints a proxy must execute the proxy form, and if 2 proxies are appointed, the number of shares to be represented by each proxy must be clearly indicated.

(e) A corporate member who appoints a proxy must execute the proxy form under seal or the hand of its officer or attorney duly authorised.

(f) The executed proxy form must be deposited at the Registered Office not less than 48 hours before the time of 49th AGM.

(g) The Annual Report 2012 and proxy form can be accessed at www.igbcorp.com

(h) The Company shall be entitled to reject the proxy form if it is incomplete, improperly completed or illegible or where the true indications of the appointer are not ascertainable from the instructions of the appointer specified in the proxy form.

(2) Registration of members/proxies

Registration will start at 1.00 p.m. on the day of the 49th AGM. Members/proxies are required to produce identification documents for registration, and parking tickets (only applicable for parking at Mid Valley Megamall and The Gardens Mall) for endorsement.

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
Tan Yee Seng, Alternate to Tan Boon Seng

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
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad

SHARE 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
since 10 September 1981
Stock Code: 1597
Stock Name: IGB

Profile of Directors

TAN SRI ABU TALIB BIN OTHMAN

Tan Sri Abu Talib, aged 74, 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 NC and Remuneration Committee ("RC"), 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 also the Chairman of CYL Corporation Berhad, MUI Continental Insurance Berhad and Alliance Investment Management Berhad.

ROBERT TAN CHUNG MENG

Robert Tan Chung Meng, aged 60, was appointed the Group MD of IGB on 30 May 2001. Prior to that, he was the Joint Managing Director of the Company since 1995. He is a member of Executive Committee ("Exco"), RC, Risk Management Committee ("RMC") and Share Committee ("SC").

He has extensive experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years' experience in the property 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 Mid Valley City, where he was actively involved, from inception to the realisation of Mid Valley Megamall and The Gardens Mall (collectively, "retail assets"). He is instrumental to the development and success of the retail assets and more importantly, in retaining their positions as prime retail players amidst increasingly competitive retail landscape. Through his management and leadership, the retail assets are now two of the most popular shopping malls in the Klang Valley, enjoying an almost full occupancy rate for the past few years.

He is also the Non-Executive Chairman of Wah Seong Corporation Berhad ("WSCB"), the Managing Director of IGB REIT Management Sdn Bhd ("IGB REIT Management") (the manager of IGB Real Estate Investment Trust), a Director of Tan & Tan Developments Berhad ("Tan & Tan"), a property division of IGB, and KrisAssets Holdings Berhad ("KrisAssets") (in liquidation).

TAN BOON SENG

Tan Boon Seng, aged 57, joined IGB in 1980 as General Manager. He was appointed to the Board on 20 December 1990, Managing Director in 1991, re-designated to Joint Managing Director in 1995 and subsequently, Executive Director on 30 May 2001. He is the Exco Chairman and a member of RMC and SC.

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

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

TAN BOON LEE

Tan Boon Lee, aged 49, joined the Board of IGB on 10 June 2003 as an Executive Director. He is also a member of Exco, RMC and SC.

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 25 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 spearheaded IGB Group's growth into emerging economies of Myanmar and Cambodia in 1990's via the Group's hotel division.

He is presently a Director of Goldis Berhad ("Goldis"), Macro Kiosk Berhad, SW Homeowners Berhad and KrisAssets (in liquidation), an Executive Director of IGB REIT Management, and a Director and Chief Executive Officer of Tan & Tan.

TAN LEI CHENG

Tan Lei Cheng, aged 56, is a NINED. 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 more than 30 years of experience in the property industry and the corporate sector. She was the Chief Executive Officer 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 Chief Executive Officer of Goldis. She is also a Director of IGB REIT Management, Macro Kiosk Berhad, Tan & Tan and KrisAssets (in liquidation). She is a member of the World Presidents' Organisation, Malaysia Chapter and Kuala Lumpur Business Club Advisory Council.

TONY TAN @ CHOON KEAT

Tony Tan @ Choon Keat, aged 64 is a NINED. 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 Managing Director of Parkway Holdings Limited, Singapore until 2000 and Deputy Chairman until his retirement in 2005. He is also the Chairman of Island Hospital Sdn Bhd and an Executive Director of Napier Properties Pte Ltd.

Profile of Directors
(continued)

PAULINE TAN SUAT MING

Pauline Tan Suat Ming, aged 67, is a NINED. She was appointed to the Board on 10 June 2003. She is also a member of Exco, RMC and NC.

She holds a Bachelor of Science (Honours) in Biochemistry from the University of Sussex, England and is a Fellow of 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 Executive Director in 1976 and Wah Seong group of companies in 1983.

She is also a Director of WSCB and Goldis.

TAN KAI SENG

Tan Kai Seng, aged 61, is an INED. He joined the Board on 15 July 2003 and was appointed the AC Chairman on 26 May 2010.

He holds a Bachelor of Accountancy from the University of Singapore. He is a member of the Institute of Certified Public Accountants of Singapore and a Fellow 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 AIMS AMP Capital Industrial REIT Management Limited, the manager of AIMS AMP Capital Industrial REIT, which is listed on Singapore Exchange Securities Trading Limited.

YEOH CHONG SWEE

Yeoh Chong Swee, aged 69, is an INED. He was appointed to the Board on 1 June 2004, and is a member of AC, RC and NC.

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

CHUA SENG YONG

Chua Seng Yong, aged 50, is the Executive Assistant to the Group MD. He joined IGB as Financial Controller in 1994 and has more than 28 years' experience in the property and hotel industry. He was appointed the alternate Director to the Group MD on 30 November 1999. He is also the Head of Group Procurement, Group Information Technology and Corporate & Legal Affairs in IGB.

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

Daniel Yong Chen-I, aged 41, 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 Executive Director of MVC in 2003 and has been responsible for overseeing the management and operation of Mid Valley Megamall since. He was also involved in the design and pre-opening of The Gardens Mall from 2004 to 2007. He is presently the Joint Chief Operating Officer (Mid Valley Megamall) of IGB REIT Management. 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 an Executive Director of IGB REIT Management and a Director of KrisAssets (in liquidation).

TAN YEE SENG

Tan Yee Seng, aged 33 was appointed the alternate Director to Tan Boon Seng on 17 May 2012.

He holds a professional Diploma of Architecture (Royal Institute of British Architects, Part 2) from the University of East London, United Kingdom. He joined IGB in 2010 as Senior General Manager (Property Development) division. His prior work experience includes being part of the pre-opening team member of G Tower which is presently owned by Goldis, where he oversaw the coordination of base building, fit out and operations. He was also extensively involved in the aesthetic realisation of The Gardens Mall while working at Ensignia Construction Sdn Bhd, IGB's construction arm, where he worked as a design architect. There he used his training to create and fine tune the facades and key elements of The Gardens Mall and Mid Valley Megamall. He has also been a design architect at Eric Kuhne Associates in London where he worked on several large mixed-use proposals.

He is a Director of IGB REIT Management.

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, Daniel Yong Chen-I and Tan Yee Seng, 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 present the Annual Report for the financial year ended 31 December 2012.

FINANCIAL RESULTS

2012 was another profitable year for the Group.

Group turnover at RM993.9 million was 28.7% higher than the RM772.1 million recorded in the previous financial year due to increased contributions from all operating divisions.

Group turnover from the three main operating divisions was, RM114.3 million from Property Development, RM498.4 million from Property Investment & Management and RM324.7 million from Hotel.

Group profit before tax rose 2.4% to RM366.2 million.

DIVIDEND

In February 2013, the Company declared an interim dividend of 15% less tax for financial year ended 31 December 2012 which was paid on 8 April 2013.

PROPERTY DEVELOPMENT

G Residence on Jalan Ampang Hilir, Kuala Lumpur, was launched in February 2012. About 90% of units had been sold. We are now fine-tuning the design of some 60,000 sq ft of the retail portion of the mixed commercial development to cater for the needs of future residents and the neighbourhood.

Our Jalan Tun Razak development in Kuala Lumpur, Three28 Tun Razak, has almost reached superstructure stage. We are targeting a mid-2013 launch for the 166-unit city-sized service apartment project. Meantime, Seri Ampang Hilir Condominium in Ampang is scheduled to be handed over to the owners in the first half of 2013.

Over at Sierramas, work has started on Park Manor, a low-density 41-strata bungalow development on 7.7 acres of freehold land. Previews for the well-crafted units will take place sometime in mid-2013. Another project, Garden Manor, was handed over to the owners in January 2013.

We are encouraged by the success of our development. U-Thant Residence was honoured with the FIABCI-Malaysia Property Award 2012 in the Residential (High Rise) category. The development joins Sierramas (FIABCI Award of Distinction for Residential Development 2002), Mid Valley Megamall (FIABCI Award of IGB Distinction for Retail 2001), Renaissance New World Hotel Kuala Lumpur (FIABCI Award for Distinction for Hotel Development 1997) and Dato' Tan Chin Nam (Property Man of the year 1992) on the Group's roster of FIABCI Malaysia Property Award honourees. And for the 10th consecutive year, IGB was awarded "The Edge Top Ten Property Developers Awards".

HOTEL

2012 saw improved performances from both our local and overseas properties. The Division, including associates, reported total revenue of RM445.0 million, up 4.9% compared with RM424.2 million in the previous year. Total room inventory as at 31 December 2012 was 5,566.

Following the purchase of a 9,600 sq ft freehold land in Ipoh, Perak, in June 2012, and receipt of approval for a 210-room Cititel Express Ipoh, works have commenced on the property and expected to be completed by end 2014 or early 2015. In Penang, the 423-room St Giles Hotel Penang and 260-room Cititel Express Penang are 23% completed and on target to commence business in December 2014.

Further afield, the USD15 million refurbishment and upgrading works for the 120-room St Giles Hotel Tuscany in New York, USA, is nearing completion. The rooms fully handed over in March 2013. Over in Australia, with planning approval received for the 281-room St Giles Hotel Sydney, construction work is underway with an early 2015 opening on the drawing board. In Myanmar, renovation works are under way to increase room inventory of MiCasa Hotel Apartment to 183 rooms.

By mid-2015, when all the above-mentioned properties have come on-stream, the Group's total room inventory will increase 21.8% to 6,780.

Letter to Shareholders
(continued)

PROPERTY INVESTMENT & MANAGEMENT

Rental revenue from office buildings was within expectation, having increased by 8% to RM121.5 million when compared to the previous year. Most properties achieved average occupancy rates 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 a stable customer base for our retail and hospitality activities.

CONSTRUCTION

The Construction Division achieved revenue of RM187.9 million derived mostly from in-house project within the Group.

During the year, the 19-storey extension block to Gleneagles Hospital Penang was completed while work commenced on the Mid Valley Southpoint Office Tower, the final phase of Mid Valley City. Construction cost for the development is about RM500 million.

IGB REAL ESTATE INVESTMENT TRUST ("IGB REIT")

For the financial period ended 31 December 2012, IGB REIT recorded a pre-tax profit of RM153.3 million on the back of revenue of RM115.3 million. Total revenue from the two retail assets, Mid Valley Megamall and The Gardens Mall stood at RM79.8 million and RM35.5 million, respectively.

IGB REIT was nominated the Best REIT Deal Of The Year 2012 in Southeast Asia and Most Innovative Deal Of The Year 2012 in Southeast Asia at the 6th Alpha Southeast Asia Annual Deal and Solution Awards 2012.

Mid Valley Megamall

Mid Valley Megamall ("Megamall") continues to be a key shopping destination in the Klang Valley. Over 38 million people visited the mall during the year in review.

The Megamall continues to enjoy high occupancy rate at 99% with 153 tenancy renewals. 22 new local and international brands, including Antton & Co, CBTL Coffee Bar, DiGi Specialised Store, Forever 21, Inglot, I-Space, Jelly Bunny, Komugi, KungFu Paradise, Lampe Berger Paris, MUJI, Pandora, Pepe Jeans, Plan b, Planet Popcorn, Radio Shack, Rasa Utara Café, Screen, Samsung, Tizio, Triumph and Wallis, continue to keep the tenant mix exciting and relevant.

The northern half of the third floor underwent major renovation and was re-opened in December 2012. New tenants in the area include 1977 New Restaurant Ipoh Chicken Rice Shop, Bulgogi Brothers, Connect, Daiso Japan, Delsey, Fabulous Tan, Food Junction, Get Crafty, I Need House, Keep Gallery Kids, MatchUp, Mission World, Muji, Old Town White Coffee Signature, Pets Wonderland, Santa Barbara Polo & Racquet Club, Star Game Station, Urban Adventure and VHOBBY.

The Gardens Mall

The Gardens Mall turned in a positive performance with 99.5% occupancy, with 49 tenancies renewed and 18 new entrants. The latter were Blomus, Blue Cube, Delectable Treats, DKNY Jeans, Dr Martens, Fong Lye Fusion, Fresca, Lancel, Laura Mercier, Mail Boxes Etc., Maybank, MyBagSpa, Royce Chocolates, Sticky, Tempur, Thai Up!, TM Lewin and Versace Collection. Patrons retail choices also increased with the addition of flower-petal designed push carts on the mall's upper floors. Asset enhancement activities during the period in review included upgrading works for The Gardens Club, surau, washroom, back-of-house corridors and loading docks and a new lower ground coved ceiling installation.

Besides the Chinese New Year, Hari Raya Aidilfitri and Christmas seasonal campaigns, numerous in-house events; some in collaboration with media partners, were organised such as the first 'Beauty & Home' campaign, Spring Summer Fashion Week and a Fall Winter media event that also showcased the mall's in-house magazine, 'Gardens.'

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

While we continue to build on our success and pursue expansion plans to ensure sustainable growth, we remain committed to the well-being of our communities.

During the year, Group's senior management staff continued giving their time and skill to guide and help scholars of the Dato' Tan Chin Nam Foundation Scholarship Programme who are pursuing their degree at various universities nationwide.

The Megamall and The Gardens Mall also maintained their robust CSR programmes during the year, especially during major festivals. Underprivileged children and senior citizens were special guests at these celebrations.

From The Megamall's 'Mickey Mouse Through the Years Project', funds were raised to support the Down Syndrome Association of Malaysia while monies from its annual 'Come-Meet-Santa' programme were donated to the Spastic Children's Association of Selangor and Federal Territory listed under *GivingIsGold.org*.

Aimed at promoting chess awareness and friendly competition among chess enthusiasts, the 2012 IGB Dato' Arthur Tan Chess Festival was held at Mid Valley City. With participation from some of the world's best chess players, the 9th edition was won by Filipino Grandmaster Rogelio "Joey" Antonio Jr.

Letter to Shareholders
(continued)

CORPORATE DEVELOPMENT

Following the successful disposal of the Megamall and The Gardens Mall and the related assets by KrisAssets' subsidiaries to IGB REIT, the initial public offering ("IPO") of IGB REIT on 7 September saw the 670 million Offer Units reserved for Malaysian institutional and retail investors oversubscribed by 21.75 times. IGB REIT was listed on the Main Market of Bursa Securities on 21 September 2012. Raising RM837.5 million, the IGB REIT IPO was the third largest in Malaysia for the year in review.

On 21 January 2013, the Capital Reduction and Repayment involving a reduction in KrisAssets' share capital and share premium via the cancellation of the issued and paid-up share capital was effected. On 6 February 2013, the cash distribution to entitled KrisAssets' shareholders was carried out.

The shareholders of KrisAssets had at the extraordinary general meeting held on 26 April 2013 approved the liquidation of KrisAssets and the appointment of liquidators to facilitate the liquidation process. Application would be submitted to Bursa Securities to de-list KrisAssests from the official list. The shareholders of KrisAssests would then hold unlisted shares in KrisAssets and be entitled to any cash distribution resulting from the realisation of the remaining assets (net liabilities), on a pro-rata basis.

THE YEAR AHEAD

The proceeds from the listing of IGB REIT will be used to fund the Group's future expansion activities. The continuing economic uncertainty in Europe and the USA presents inorganic opportunities such as acquisitions in either or both continents where properties are available at below replacement costs. Concurrently, we will focus on organic growth given both the Megamall and The Gardens Mall continue to offer numerous asset enhancement opportunities. Having gone through only one cycle of rental revision, the five-year old Gardens Mall should act as a growth driver for IGB REIT. With a sizeable 54.2% of occupied net lettable area expiring in financial year ending 31 December 2013, the second round rental adjustment will give the mall the opportunity for an upward rental revision.

With the increasing competition in the retail space, our objective is to ensure both retail assets are well-managed and investors see year-to-year growth of about 5% to 8%.

The successful listing of IGB REIT has given thought to the Group's portfolio of hotel and office assets and the possibility of unlocking the value of these assets. However, the move towards an office/commercial REIT and/or hotel/hospitality REIT will depend very much on timing as the REITs target different investors with different expectations.

On the property front, recent infrastructure upgrades in the Rawang area of Gombak, Selangor Darul Ehsan, bode well for the future of our biggest project, a township in Kundang, Rawang. Poised to take off down south is our joint development with Selia Pantai Sdn Bhd, Southkey Megamall in Johor. Our first major project in the state, the plan is for an approximately 1.5 million sq ft mall, complemented by one or two hotels, high-end residences and commercial components. Currently awaiting approval from the various authorities, we are hopeful of commencing construction activities by mid-2013 with completion targeted in 2018/19.

During the year, we acquired a 39% stake in Fawkner Centre Pty Ltd ("Fawkner Centre"), a landmark multi-level office building in St Kilda, Melbourne, Australia. The plan is to hold the property as an office investment with the option of redeveloping it into prime residential units upon the expiry of leases in late-2014.

With Cititel properties in Ipoh and Penang on target to open by fourth-quarter 2014, our Hotel Division continues to explore opportunities to expand the Cititel brand. However, whether locally or abroad, our focus will remain on the development of centrally located city hotels, where our strength lies.

Despite increasing competition in the retail and commercial buildings arena especially in the Klang Valley, we are confident Property Investment & Management will remain a major contributor to Group revenue. Our office building portfolio, coupled with the consistent delivery of quality products and services across the board should ensure a strong recurring income base.

The Construction division will continue to support the Group's activities in Kuala Lumpur and Penang. Besides the two Penang hotels is Mid Valley Southpoint, a 45 storey office. This is the final phase of Mid Valley City, which is targeted for occupation by 2015.

ACKNOWLEDGEMENT

On behalf of the Board, we welcomed Mr Tan Yee Seng, who was appointed the alternate Director to Mr Tan Boon Seng on 17 May 2012. Mr Tan Yee Seng joined IGB in 2010 as Senior General Manager (Property Development).

We wish to thank our Board members, the directors of our subsidiaries, the management and staff of the Group, for their dedication, commitment and hard work to strengthen and grow the Group, especially during challenging times.

We also like to take this opportunity to thank all our customers for their support, the Securities Commission Malaysia, Bursa Securities and other regulatory authorities for their continued support and guidance, and to our business partners and associates for their support and confidence in the Group.

To all our shareholders, your Board, the management and staff remain committed to add value to your investment.

TAN SRI ABU TALIB BIN OTHMAN
Chairman

ROBERT TAN CHUNG MENG
Group Managing Director

Corporate Governance Statement

The Board of Directors of IGB ("Board" or "Directors") recognise the importance of corporate governance in ensuring greater transparency, protecting the interests of its shareholders as well as strengthening investors' confidence in its management and financial reporting and is committed to maintaining a high standard of corporate governance within the Group.

In developing its system of corporate governance, the Board is guided by the measures set out in MMLR of Bursa Securities and Malaysian Code of Corporate Governance 2012 ("MCCG 2012"). The policies and practices of the Group, supported by existing internal control processes, are regularly audited and reviewed, to ensure transparency and accountability.

The following sections describe the Company's corporate governance policies and practices that were in place during the financial year ended 31 December 2012 ("FY2012"). Except for the departures explained in this statement, the Directors believe that the Company has complied in all substantial respects with the best practices of MMLR and MCCG 2012.

I. BOARD

(1) Directors' Code of Business Conduct and Ethics ("Code of Ethics")

IGB is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. In furtherance of this commitment, the Board promotes ethical behaviour and has adopted the Code of Ethics during the year. The principles on which the Code of Ethics relies are those that concern transparency, integrity and accountability. It provides clear direction on conducting business, guidance on disclosure of conflict of interest situations, maintaining confidentiality and disclosure of information, good practices and internal control, and the duty to report where there is a breach against the Code of Ethics. The Code of Ethics is reviewed from time to time to ensure new facts and circumstances and evolving corporate governance issues are addressed and best practices are incorporated.

(2) Board Charter

The Board has also adopted a Board Charter during the year. The Board Charter is aimed at ensuring that all Board members acting on behalf of IGB are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in their dealings in respect, and on behalf of, the Company. The Board Charter comprises, among others, well-defined terms of reference as well as the authority limits for the Board and its Committees, and the various relevant internal processes. The Board Charter is to be updated from time to time to reflect changes to the Board's policies, procedures and processes as well as amended relevant rules and regulations to ensure they remain consistent with the Board's objectives, current law and best practice.

(3) Board Responsibility

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group.

Other than as specifically reserved for the Board's decision in the Board Charter, the responsibility of managing the Group's business activities and affairs is delegated to the Group MD who operates in accordance with the Board-approved policies and delegated limits of authority.

(4) Board Composition and Balance

The Board as at the date of this statement comprises 9 members; 6 Non-Executive Directors ("NEDs") and 3 Executive Directors ("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. The current Board fufils the requirement under MMLR to have at least 1/3 of the Board comprised of INEDs. A brief profile of each Director is presented in Profile of Directors.

Effective governance is fostered by the separation of the roles of the Board Chairman and the Group MD, as this division of responsibilities at the head of the Group ensures a balance of power and authority. The Board Chairman is an INED and is responsible for the leadership, effectiveness, conduct and governance of the Board. The Group MD is the Chief Executive of the Company and together with the EDs (collectively, "Executive Board") ensures that strategies, policies and matters approved by the Board and/or the Exco are effectively implemented. The Group MD, by virtue of his position as a Board member, also functions as the intermediary between the Board and senior management.

The INEDs, all of whom are persons of high calibre and integrity, play important roles by exercising independent judgement and objective participation in the proceedings and decision-making processes of the Board. The presence of INEDs fulfils a pivotal role in corporate accountability to ensure that the interests of minority shareholders are properly safeguarded. The other NINEDs also bring with them a wide range of essential business and financial experience relevant to the Company.

Corporate Governance Statement
(continued)

The size and composition of the Board are reviewed annually. NC examines the size and composition of the Board with a view of determining the impact of the number upon effectiveness and makes recommendations to the Board on what it considers an appropriate size and composition for the Board.

The Board is of the view that taking into account the nature and scope of the operations of the Group, the current number of 9 Directors remains optimum and conducive for effective deliberations at Board meetings and for efficient conduct of Board meetings.

The Board is also of the view that it is not necessary to appoint a senior INED as the Board Chairman encourages full participation of all Directors at Board meetings which ensures objectivity in the Board deliberations and decisions.

(5) Board Meetings and Access to Information

Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable Board Committee meetings in order to discharge their obligations. Consistent with their fiduciary duties, Directors are expected to maintain the confidentiality of the deliberations of the Board and its Committees.

The Board conducts at least 4 scheduled meetings annually, with special meetings convened as warranted by specific circumstances. To facilitate participation at the Board's meetings, Directors may attend in person, via telephone conference or via video-conference. Board meetings are also supplemented by resolutions circulated to the Directors for decision between the scheduled meetings.

During FY2012, 4 Board meetings were held. All Directors have complied with the requirements in respect of Board meeting attendance. The attendance record of each Director was as follows:

	Attendance	Percentage
Tan Sri Abu Talib bin Othman (Board Chairman/INED)	4/4	100
Robert Tan Chung Meng (Group MD)	4/4	100
Tan Boon Seng (ED)	4/4	100
Tan Boon Lee (ED)	4/4	100
Tan Lei Cheng (NINED)	4/4	100
Pauline Tan Suat Ming (NINED)	4/4	100
Tony Tan @ Choon Keat (NINED)	4/4	100
Tan Kai Seng (INED)	4/4	100
Yeoh Chong Swee (INED)	4/4	100
Chua Seng Yong, Alternate to Robert Tan Chung Meng	4/4	100
Daniel Yong Chen-I, Alternate to Pauline Tan Suat Ming	3/4	75
Tan Yee Seng, Alternate to Tan Boon Seng (appointed on 17 May 2012)	2/2	100

Board reports include, among others, information on the Group's financial and operational performance, annual budgets, acquisitions and disposals of undertakings and properties of a substantial value, minutes of Board Committees, shareholding structure of the Company, securities transaction of the Directors and substantial shareholders and other related business matters that require the 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. The Chief Financial Officer ("CFO") and senior management officers are invited to attend the Board meetings to report to the Board on matters relating to their areas of responsibility, and also to brief and provide details to the Directors on recommendations or reports submitted to the Board. Presentations and briefings by external consultants and legal advisors are also held at Board meetings to assist the Directors to deliberate and decide on the relevant issue. In the event of potential conflict of interest, the Director in such position will make a declaration in the meeting and abstain from deliberation and decision of the Board on the subject proposal. 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. Minutes of each Board meeting are circulated to each Board member prior to confirmation of the minutes in the next Board meeting.

The Directors are also notified of any corporate announcement released to Bursa Securities and the impending restriction in dealing with IGB securities prior to the announcement of financial results or corporate proposals. Directors are also expected to observe insider trading laws at all times when dealing with securities within the permitted trading period.

Directors have full and unrestricted 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. Directors may seek external legal or independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate.

Corporate Governance Statement
(continued)

(6) Board Committees

The Board has entrusted specific responsibilities to several Board Committees, which operate within defined terms of reference. The functions and terms of Board Committees as well as authority delegated by the Board to the Committees are reviewed from time to time to ensure that they are relevant and up-to-date. The Committees meet as circumstances dictate. The chairman of the respective Board Committees reports to the Board on any salient matters noted by the Committees and which require the Board's notice, direction or approval. The minutes of Committees' meetings are included in the Board papers.

The composition of Board Committees, their attendance at the Committees' meetings and terms of reference were as follows:

(a) Exco

Exco comprises 2 EDs, Group MD and a NINED, namely Tan Boon Seng (Chairman), Robert Tan Chung Meng, Tan Boon Lee and 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 to 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 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 deliberate and consider a variety of significant matters that required its guidance and approval. In attendance are the CFO and divisional heads.

Exco met 4 times in FY2012 which was attended by all members.

(b) AC

AC comprises 3 INEDs and a NINED, namely Tan Kai Seng (Chairman), Tan Sri Abu Talib bin Othman, Yeoh Chong Swee and Tony Tan @ Choon Keat, all of whom have the appropriate accounting experience or related financial management expertise. With an independent component of 75% and comprised of NEDs, the composition of AC is fully compliant with MMLR.

AC meets at least quarterly. AC met 4 times in 2012 to assist the Board in discharging its responsibility for the integrity of the Company's quarterly and year-end financial results, the assessment of the effectiveness and efficiency of the internal controls, risk management and governance processes of the Group and monitoring the effectiveness of the internal and external auditors. AC also met independently twice in 2012 with the external auditors without the presence of Executive Board and management. Further details on terms of reference and the activities carried out by AC during FY2012 are set out in the Audit Committee Report.

(c) NC

NC comprises 2 INEDs and a NINED, namely Tan Sri Abu Talib bin Othman (Chairman), Yeoh Chong Swee and Pauline Tan Suat Ming.

NC recommends suitable candidates for appointments to the Board, including Committees of the Board. NC also conducts annual review of the structure, size and composition of the Board (including skills, knowledge, experience and gender diversity), the performance of the Board, its Committees and individual Directors and those Directors who are due for re-election/re-appointment at the Company's AGM as well as reviews Board's succession plans. This process is discussed in more detail in the sections under Board Appointment and Re-election and Board Performance Evaluation.

NC meets as and when required, and at least once a year. NC met 3 times in FY2012 which were attended by all members. During the year, NC has carried out a performance evaluation of the Board, its Committees and each of the Directors and an assessment of those Directors who were due for re-election/re-appointment at the Company's AGM, and made recommendations to the Board as appropriate. NC has also considered and recommended to the Board, the re-appointment of Tan Boon Seng as Exco Chairman having regard to the need for his continued invaluable contribution to the Board and the Company and the appointment of Tan Yee Seng as alternate Director to Tan Boon Seng.

(d) RC

RC comprises 2 INEDs and the Group MD, namely Tan Sri Abu Talib bin Othman (Chairman), Yeoh Chong Swee and Robert Tan Chung Meng.

Corporate Governance Statement
(continued)

RC recommends to the Board the policy framework on terms of employment and on all elements of the remuneration of Executive Board. RC is authorised to review and approve the annual salary increments and bonuses of Executive Board and key senior management officers. RC also reviews NEDs' fees and meeting allowances and thereupon recommends to the Board for approval. In its deliberation, RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and performance of the individual Directors. No Directors will be involved in deciding his or her own remuneration.

RC meets as and when required, and at least once a year. RC met once in FY2012 during which it undertook a review of the performance of Executive Board and approved specific adjustments in remuneration and/or reward payments, reflecting their contributions for the year. RC also considered the extension of the service contract of an ED as well as reviewed the level of remuneration of NEDs in line with the responsibilities and contributions made by them to the effective functioning of the Board whereupon recommendation was submitted to the Board for approval.

(e) RMC

RMC comprises the members of Exco. RMC reviews and articulates the strategies and policies relating to the management of the Group's 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) SC

SC comprises Executive Board, namely Robert Tan Chung Meng, Tan Boon Seng and Tan Boon Lee. SC is responsible for regulating and approving securities transactions and registrations, and for implementing, allocating and administering share issuance scheme (if any) and share buy-back of the Company.

(7) Board Appointment and Re-election

Appointments to the Board are the responsibility of the full Board on the recommendation of NC. There is a formal and transparent procedure for appointment of new Directors to the Board, which is made on merit against objective criteria for the purpose. There were no new appointments to the Board during FY2012 except the appointment of Tan Yee Seng as the alternate Director to Tan Boon Seng.

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

Prior to Directors standing for re-election/re-appointment, NC reviews the skills and contribution of the Directors concerned. The recommendation from NC would then be considered by the Board for support prior to the re-election/re-appointment by the shareholders at AGM.

The assessment of the independence of each Independent Director is based on the criteria for independence as defined in MMLR. The 3 INEDs do not participate in the day-to-day management of the Company and they remain free of any business or relationship with the Company which could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgement. In staying clear of any potential conflict of interest situation, the INEDs remain in a position to fulfil their responsibility to provide check and balance to the Board. The Board holds the view that the ability of an Independent Director to exercise independence is not a function of his length of service as an Independent Director. The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively are very much a function of his calibre, qualifications, experience and personal qualities.

Directors are not appointed for a fixed term. The Board does not impose a term of limitation. Term limits hold the disadvantage of losing Directors who have been able to develop, over a period of time, increasing insight into the Group and its operations and, therefore, provide an increasing contribution to the Board as a whole.

NC in its meeting in February 2013 assessed and recommended that the Directors retiring under the Act/Articles at the 49th AGM be nominated for re-appointment/re-election having regard to the individual's experience, contributions and performance and the Board has endorsed NC's recommendation. NC had also assessed the independence of the 2 INEDs and held the view that they have and continue to play an effective roles as Independent Directors notwithstanding that they had served as INEDs for more than 9 years. The names and details of Directors seeking re-appointment/re-election at the 49th AGM are disclosed in the Notice of Annual General Meeting and Profile of Directors.

In accordance with MMLR, each member of the Board holds not more than 5 directorships in public listed companies.

(8) Board Performance Evaluation

The Board under the guidance of NC reviews and evaluates its own performance and the performance of its Committees as well as the contribution of each Director on an annual basis against both measurable and qualitative indicators, thus ensuring the Company is under the oversight and guidance of an accountable and competent Board. The review allows each Director to individually express his or her personal assessment of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. It provides insight into the functioning of the Board, while identifying areas that might need strengthening and development. Each Director is required to complete an assessment questionnaire. The questionnaire covers topics which include, among others, the responsibilities of the Board in relation to strategies and direction, accountability and oversight, risk management, performance management, compliance and corporate governance. Other areas being assessed include Board structure, Board decision-making and meeting processes. Upon completion of the evaluation process, NC chairman briefs the Board on the overall results of the evaluation conducted and improvements recommended where appropriate.

For the year under review, NC has conducted the process, and concluded that the Board as a whole and its Committees have performed well with the individual's creditability to add value to the Board and Board Committees' deliberations and exercise objective judgement in decision-making processes, and each of the Director has committed sufficient time to the business of the Group and contributed to the governance and operations of the Group.

(9) Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors needed to run the Company efficiently. In the case of Executive Board, 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. NED's remuneration reflects the experience, expertise 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.

Evaluation of the Directors' remuneration is performed once a year, and this process has been conducted by RC in 2012, whereupon recommendations were submitted to the Board for approval.

Aggregate remuneration of Directors, distinguishing between Executive Board and NEDs, categorised into appropriate components for FY2012 was as follows:

	Salaries & EPF Contribution	*Fees	Meeting Allowances	**Other Emoluments	***Benefits-in-kind	Total
	RM	RM	RM	RM	RM	RM
Executive Board	2,665,980	-	-	3,904,375	75,754	6,646,109
NEDs	-	260,000	88,500	84,000	7,800	440,300
Total	2,665,980	260,000	88,500	3,988,375	83,554	7,086,409

Notes:
* The shareholders had at the 46th AGM held on 26 May 2010 approved RM340,000 per annum as Directors' Fees. The Fees had since remain unchanged for the past 3 financial years. Meeting Allowances for the chairman of the meeting and NED for each Board or Board Committee meeting, were respectively at RM2,000 and RM1,500.
** Other Emoluments include bonuses, incentives and retirement benefits.
*** Benefits-in-kind include rental payments, cars, drivers, medical coverage, club memberships and reimbursement.

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

Range of Remuneration	Executive Board	NEDs
Below RM50,000		1
RM50,000 to RM100,000		4
RM150,000 to RM200,000		1
RM450,000 to RM500,000	1	
RM1,050,000 to RM1,100,000	1	
RM4,400,000 to RM4,450,000	1	

Corporate Governance Statement
(continued)

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.

(10) Directors' Continuing Education

The Board firmly believes in the continuing education of individual Directors for maintaining a current and effective Board. Accordingly, the Board encourages Directors to participate in ongoing education, as well as participation in accredited director education programmes.

During FY2012, all Directors had attended various training programmes, conferences and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors. The Directors had attended/participated in one or more of the following training programmes/conferences/workshops in 2012:

- International Financial Reporting Standards ("IFRS") Convergence
- Introduction to the Competition Act 2010
- Implementing the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Internal Controls Framework
- Code of Corporate Governance and Singapore Exchange Securities Trading Limited Listing Manual on Internal Controls
- National Tax Seminar 2012
- 2013 Budget Seminar
- Real Estate and Housing Developers' Association Malaysia ("REHDA") Youth Green Tour Kuala Lumpur 2

The Directors are also kept informed of the various requirements and updates issued by regulatory authorities.

II. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Company is committed to a proactive and continuous dialogue with all shareholders and investors including appropriate disclosure and transparency of information to ensure that they can make informed assessment of the Group's value and prospects. In this respect, the Company has in place a Corporate Disclosure Policy ("CDP") that clearly outline the procedures and disclosure practices for the consistent, transparent and timely public disclosure and dissemination of material information about the Group. The CDP embraces the Corporate Disclosure Guide issued by Bursa Securities.

All communications with the media/public and disclosures made to Bursa Securities are in accordance with the CDP. All information reported to the market via the regulatory information service appears as soon as practicable on the corporate website at www.igbcorp.com to promote accessibility of information to all market participants.

The Company recognises the rights of shareholders and encourages the effective exercise of those rights in the Company's AGM. AGM is the principal forum for shareholders to have an open communication with the Directors and senior management. In every AGM, the Board encourages shareholders to participate in the proceedings and ask questions about the resolutions being proposed and corporate developments. The Chairman and Group MD respond to shareholders' questions, where appropriate, during the meeting. The external auditors also present to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report. In 2012, all Directors attended the AGM. A press conference was held after the AGM.

The Company also conducts regular dialogues, briefings and meetings with fund managers, financial analysts and the media to provide updates and new developments about the Group 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.

The Company's financial results as well as other relevant financial data are posted on the Investor Relations section of the Company's website. These include announcements to Bursa Securities, media releases, quarterly results, annual reports and other relevant information.

Whilst the Company aims to provide sufficient information to shareholders and investors about the Group's activities, it also recognises that shareholders and investors may have specific queries and require additional information. To ensure that shareholders and investors can obtain all relevant information to assist them in exercising their rights as shareholders, these queries may be directed to this email address: corporate-enquiry@igbcorp.com. To better serve stakeholders of the Group, a feedback page on the website provides an avenue for stakeholders to suggest improvements via email address: feedback@igbcorp.com.

III. ACCOUNTABILITY AND AUDIT

(1) Financial Reporting

The Board is committed to providing a balanced, clear and comprehensive assessment of the financial performance and prospects of the Group in all disclosures made to stakeholders and regulatory authorities.

Corporate Governance Statement
(continued)

The Board, assisted by AC, oversees the financial reporting process and the quality of the financial reporting of the Company. AC reviews and monitors the integrity of the Company's annual and interim financial statements. It also reviews the appropriateness of the Company's accounting policies and the changes to these policies as well as ensures these financial statements comply with accounting standards and regulatory requirements.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of IGB is set out in the Financial Statements.

(2) Internal Control

The Board has the ultimate responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Directors are aware that the Group's system of internal control is designed to manage rather than eliminate risks and therefore cannot provide absolute assurance against material misstatement, 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") division and led by a senior manager. The activities of this division 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.

The Board is satisfied that a continual process for identifying, evaluating and managing significant risks has been in place for FY2012 and up to date of this Annual Report.

An overview of the state of internal control of the Group is set out in the Statement on Risk Management and 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. Key features underlying the relationship of AC with the auditors are detailed in the Audit Committee Report.

IV. 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 2012 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 FY2012 amounted to RM265,000 were related to tax compliance and consultancy.

(3) Share Buy-back

During FY2012, the Company purchased a total of 42,524,300 of its shares of RM0.50 each from the open market at prices ranging from RM2.20 to RM2.78 per share. The total consideration of RM107,993,970 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 Statement.

As at 24 April 2013, IGB held a total of 85,022,067 treasury shares.

(4) Corporate Social Responsibility ("CSR")

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

(5) Related Party Transactions ("RPTs")

The Group has established the appropriate procedures to ensure that the Company complies with MMLR relating to RPTs. All RPTs are reviewed by AC on a quarterly basis. If a member of the Board and/or AC has an interest in a transaction, the Director concerned is to abstain from participating in the review and recommendation process in relation to that transaction.

The shareholders' mandate in respect of existing and new recurrent RPTs is obtained at the AGM of the Company on a yearly basis. At the last AGM held on 26 June 2012, the Company had obtained the approval for the renewal of shareholders' mandate to allow the Group to enter into recurrent RPTs. None of the actual value of the recurrent RPTs has exceeded the estimated value by 10% or more during the validity period of the mandate.

Corporate Governance Statement
(continued)

In accordance with Section 3.1.5 of Practice Note 12 of MMLR, the details of recurrent RPTs conducted pursuant to the shareholders' mandate during FY2012 were as follows:

Related Parties	Nature of Recurrent RPTs with IGB Group	Interested Related Parties	Amount transacted in FY2012 (RM'000)
KrisAssets Holdings Berhad group of companies	• 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, retail, 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") Tan Boon Seng ("TBS") Tan Lei Cheng ("TLC") Tan Boon Lee ("TBL") Pauline Tan Suat Ming ("PTSM") Tony Tan @ Choon Keat ("TTCK") Dato' Tan Chin Nam ("DTCN") Daniel Yong Chen-I ("DYCI") Elizabeth Tan Hui Ning ("ETHN") Gabrielle Tan Hui Chween ("GTHC") Tan Yee Seng ("TYS") Goldis Berhad ("Goldis") Tan Chin Nam Sendirian Berhad ("TCNSB") Tan Kim Yeow Sendirian Berhad ("TKYSB") Wah Seong (Malaya) Trading Co. Sdn Bhd ("WSTSB")	27,849
Goldis Berhad group of companies	• 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, retail, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services	RTCM TBS TLC TBL PTSM TTCK DTCN DYCI ETHN GTHC TYS Goldis TCNSB TKYSB WSTSB	1,348
Wah Seong Corporation Berhad group of companies	• 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 TBS TLC TBL PTSM TTCK DTCN DYCI ETHN GTHC TYS Goldis TCNSB TKYSB WSTSB	1,049
Jeyaratnam & Chong	• 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 TLC TBL DTCN	571

Corporate Governance Statement
(continued)

Related Parties	Nature of Recurrent RPTs with IGB Group	Interested Related Parties	Amount transacted in FY2012 (RM'000)
Wah Seong (M) Trading Co. Sdn Bhd group of companies	• 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 • Provision/receipt of management, consultancy & all types of services including but not limited to project development, property management, sales & marketing, hotel, retail, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services	RTCM TBS TLC TBL PTSM TTCK DTCN DYCI ETHN GTHC TYS Goldis TCNSB TKYSB WSTSB	3,221
Subsidiaries of IGB • Cititel Hotel Management Sdn Bhd • Tan & Tan Realty Sdn Bhd	• Provision/receipt of management, consultancy & all types of services including but not limited to project development, property management, sales & marketing, hotel, retail, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services • Purchase/supply of building materials, electrical equipment/appliances & related products/services	RTCM TBS TLC TBL PTSM TTCK DTCN DYCI ETHN GTHC TYS Goldis TCNSB TKYSB WSTSB	7,068

Audit Committee Report

FORMATION

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

COMPOSITION

The members of AC during FY2012 are as follows:

Tan Kai Seng, AC Chairman (INED)
Tan Sri Abu Talib bin Othman (INED)
Yeoh Chong Swee (INED)
Tony Tan @ Choon Keat (NINED)

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.

TERMS OF REFERENCE

AC is governed by the following terms of reference:

(a) 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, including the chairman, must be independent. 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. No alternate Director shall be appointed to AC.

(b) Authority

AC shall, within the limits of the policy determined and powers delegated by the Board, has the authority to -

(i) investigate any activity within its terms of reference;
(ii) obtain the resources required to perform its duties;
(iii) full and unrestricted access to information, records and documents relevant to its activities;
(iv) communicate directly with external and internal auditors, as well as employees of the Group; and
(v) engage, consult and obtain external legal or independent professional advice as necessary.

(c) Key functions and Responsibilities

The responsibilities of AC include -

(i) review and recommend quarterly results and annual financial statements of the Company for the Board's approval, focusing primarily on:

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

(ii) review with external auditors of the following:

- audit plans and audit reports and the extent of assistance rendered by employees of the Group;
- evaluation of the system of internal controls;
- issues and reservations arising from audit; and
- audit fee and any questions of resignation, dismissal or reappointment of external auditors.

Audit Committee Report
(continued)

(iii) review with internal auditors of the following:

- internal audit's charter which defines the independent purpose, authority, scope and responsibility of the internal audit function;
- adequacy and relevance of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
- audit plan of work programme and results of the internal audit processes including recommendations and actions taken;
- effectiveness of the system of internal controls, risk management and governance processes including compliance with MMLR; and
- assessment of the performance of the internal audit function including that of senior staff and any matter concerning their appointment and termination.

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

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

(vi) verify allocation of options (if any) pursuant to a share issuance scheme is in compliance with the criteria for allocation of options under the scheme.

(vii) prepare reports, if the circumstances arise or at least once a year, summarising the work performed by AC for inclusion in IGB's Annual Report.

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

(ix) act on any matters as may be directed by the Board from time to time.

(d) Meetings

AC shall meet at least 4 times a year and its quorum must at all times comprised of at least 2 INEDs. AC meetings may be held by telephone or video-conference or by circular resolution. Other Board members and management staff may attend meetings upon invitation of AC, to assist in its deliberations and resolutions of matters raised.

At least twice a year, AC shall meet with external auditors without the presence of executive officers of the Group. Additional meetings may be held upon request by any AC member, internal or external auditors.

Minutes shall be kept of the proceedings and the resolutions of AC. Minutes shall be signed by the chairman and made available prior to the next meeting and approved therein. AC chairman shall report to the Board on any salient matters noted by AC and which requires the Board's notice, direction and approval. AC minutes shall be included in the Board papers.

MEETINGS AND ATTENDANCE

AC met 4 times in FY2012 which were attended by all members.

The Group MD, CFO, Head of Internal Audit and Company Secretary were invited to all AC meetings to present their respective reports to AC. The external auditors attended 2 AC meetings in 2012 to present the Auditors' Report on the annual financial statements FY2011 and Auditors' Audit Plan FY2012. AC also met alone with PwC twice in 2012 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 internal audit function.

SUMMARY OF ACTIVITIES

The activities of AC for FY2012:

(a) Financial Reporting

Reviewed and recommended for the Board's approval the Company's quarterly unaudited financial results and annual audited financial statements.

Audit Committee Report
(continued)

(b) External Audit

(i) Reviewed and approved external auditors' audit plan, audit strategy and the scope for the annual audit.
(ii) Reviewed and recommended for the Board's approval the appointment and remuneration of PwC.
(iii) Reviewed and directed follow-up action, when needed, the findings of external auditors on the results of the external audits.
(iv) Reviewed the extent of assistance rendered by management and issues and reservations arising from statutory audit with PwC, without the presence of the Group MD and management staff.

(c) Internal Audit

(i) Reviewed and approved GIA's charter as well as annual audit plan which covered projects and entities across all level operations within the Group.
(ii) Reviewed and directed follow-up action when needed, on internal audit reports on the Group and ad hoc assignments.
(iii) Reviewed internal audit reports on the effectiveness and adequacy of internal controls, risk management, operational, compliance and governance processes.

(d) RPTs

(i) Reviewed RPTs entered into by the Group.
(ii) Reviewed any conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.

AC'S CONTINUING EDUCATION

The details of training programme and seminars attended by AC member during FY2012 are set out in the Corporate Governance Statement under "Directors' Continuing Education".

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by GIA division. It reports to AC on its activities based on the approved annual GIA plan. GIA adopts a risk-based auditing approach, taking into account global best practices and industry standards. The main role of GIA 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 together with senior management monitor the risk governance framework and the risk processes of the Group to ensure their adequacy and effectiveness.

The costs incurred for GIA function for FY2012 were RM488,162.71.

Further details of the activities of GIA are set out in the Statement on Risk Management and Internal Control.

Statement on Risk Management and Internal Control

RESPONSIBILITY

The Board recognises the importance of a sound system of risk management and internal control to safeguard shareholders' investment and the Company's assets. Therefore, the Board affirms its overall responsibility for the Group's approach to assessing risks and the system 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 Board has established a risk management framework and communicated to the management on the risk appetite and tolerance that the Group is willing to accept in pursuit of its objectives. Risk management in the Group involves an on-going process for identifying, evaluating, managing and reviewing any changes in the significant risks faced by the business in the Group in its achievement of objectives and strategies. The risk management process involved the 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. This process has been embedded in all aspects of the Group's activities and has been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report.

The management assists the Board in the implementation of the Board's policies and procedures on risks and internal controls 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 accountable for operating within these policies. The GIA function provides further independent assurance on the adequacy and effectiveness of the risk management and internal control system.

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 system of internal control.

The main elements in the system of 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 the Group 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 evaluates the effectiveness of the governance, risk management and internal control framework and recommends enhancement, where appropriate. 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 directly to AC. AC receives reports on the function's work and findings and is updated regularly on issues that required further follow-up and rectification by management.

The Board, through AC, has reviewed the effectiveness of the Group's system of risk management and internal control. There were no significant internal control aspects that would have resulted in any material losses, contingencies, or uncertainties that would require disclosure in the Group's annual report.

The Board has received assurances from the Group MD and the CFO that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

As required by Paragraph 15.26(b) of the Bursa Securities's MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Statistic of Shareholdings
as at 15 April 2013

Authorised Share Capital	:	RM1,200,000,000 divided into 2,000,000,000 Ordinary Shares of RM0.50 each and 200,000,000 1% Irredeemable Convertible Preference Shares of RM1.00 each
Issued and paid-up Capital *	:	RM702,975,120
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	On show of hands - 1 vote On a poll - 1 vote for each Share held

* Excluding 84,345,767 Shares bought-back by IGB and retained as treasury shares as at 15 April 2013.

I. DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	No. of Issued Shares	% of Issued Shares*
Less than 100	1,613	36,890	0.00
100 to 1,000	1,886	1,207,917	0.09
1,001 to 10,000	8,424	30,378,595	2.16
10,001 to 100,000	1,984	49,225,448	3.50
100,001 to less than 5% of Issued Shares	342	877,139,666	62.39
5% and above of Issued Shares	2	447,961,724	31.86
	14,251	**1,405,950,240***	**100.00**

II. SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct	% of Issued Shares*	Deemed**	% of Issued Shares*
Goldis Berhad	409,241,316	29.11	20,432,880	1.45
Tan Chin Nam Sendirian Berhad	53,536,114	3.81	509,927,524	36.27
Tan Kim Yeow Sendirian Berhad	31,164,238	2.22	506,434,186	36.02
Wah Seong (Malaya) Trading Co. Sdn Bhd	53,427,137	3.80	451,168,597	32.09
Employees Provident Fund Board	92,785,522	6.60	-	-
Robert Tan Chung Meng	3,954,717	0.28	537,598,424	38.24
Pauline Tan Suat Ming	1,006,784	0.07	537,623,681	38.24
Tony Tan @ Choon Keat	-	-	537,598,424	38.24

** Deemed to have interests in IGB Shares held by other corporations by virtue of Section 6A(4) of the Act and/or person(s) connected as defined under Section 122A of the Act.

III. TOP 30 SHAREHOLDERS

		No. of Issued Share	% of Issued Shares*
1.	Goldis Berhad	371,063,316	26.39
2.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG-BR-TST-ASING)	76,898,408	5.47
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	68,320,172	4.86
4.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA, Singapore (Julius Baer)	51,895,937	3.69
5.	Tan Chin Nam Sendirian Berhad	50,212,094	3.57
6.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	49,624,532	3.53

Statistic of Shareholdings
as at 15 April 2013
(continued)

III. TOP 30 SHAREHOLDERS (continued)

		No. of Issued Share	% of Issued Shares*
7.	Wah Seong (Malaya) Trading Co. Sdn Bhd	46,618,677	3.32
8.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goldis Berhad (KLC)	38,178,000	2.72
9.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	28,022,914	1.99
10.	Tan Kim Yeow Sendirian Berhad	26,130,146	1.86
11.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG67 for Invesco International Small Company Fund	25,677,171	1.83
12.	UOBM Nominees (Asing) Sdn Bhd Pledged Securities Account for Montego Assets Limited (PCB)	22,000,000	1.56
13.	Multistock Sdn Bhd	20,432,880	1.45
14.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for the Bank of New York Mellon (Mellon ACCT)	19,635,435	1.40
15.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	19,438,379	1.38
16.	Maybank Nominees (Asing) Sdn Bhd DBS Bank for Timbarra Services Limited (200894)	18,823,296	1.34
17.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for HSBC Private Bank (Suisse) S.A. (Hong Kong AC CL)	18,203,346	1.29
18.	Maybank Nominees (Asing) Sdn Bhd DBS Bank for Ripley Services Limited (200932)	16,031,083	1.14
19.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	14,931,490	1.06
20.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for HSBC Private Bank (Suisse) S.A. (SPORE TST AC CL)	12,935,558	0.92
21.	Pertubuhan Keselamatan Sosial	10,200,930	0.73
22.	HSBC Nominees (Asing) Sdn Bhd TNTC for Somerset Emerging Markets Small Cap Fund LLC	9,923,227	0.71
23.	Wah Seong Enterprises Sdn Bhd	9,647,231	0.69
24.	SLW Sdn Bhd	8,585,279	0.61
25.	BBL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato Tan Chin Nam (100171)	8,491,276	0.60
26.	Citigroup Nominees (Asing) Sdn Bhd UBS AG for APS Asia Pacific Master Hedge Fund	8,146,500	0.58
27.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	7,505,966	0.53
28.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for VFM Emerging Markets Trust	6,800,000	0.48
29.	Amanahraya Trustee Berhad Public Dividend Select Fund	6,583,208	0.47
30.	Tentang Emas Sdn Bhd	6,448,471	0.46
		1,077,404,922	**76.63**

Statistic of Shareholdings
as at 15 April 2013
(continued)

IV. 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	0.28	537,598,424	38.24
Tan Boon Seng	-	-	40,587,242	2.89
Tan Boon Lee	3,424,529	0.24	-	-
Pauline Tan Suat Ming	1,006,784	0.07	537,623,681	38.24
Tan Lei Cheng	2,318,118	0.16	1,707,038	0.12
Tony Tan @ Choon Keat	-	-	537,598,424	38.24
Tan Kai Seng	93,677	0.01	-	-
Yeoh Chong Swee	-	-	79,035	0.01
Chua Seng Yong	650,006	0.05	-	-

V. DIRECTORS' SHAREHOLDINGS IN KRISASSETS

Name of Directors	Direct	% of Issued Shares#	Deemed##	% of Issued Shares#
Robert Tan Chung Meng	662,730	0.13	333,322,333	63.98
Pauline Tan Suat Ming	68	@	333,322,333	63.98
Tony Tan @ Choon Keat	-	-	333,322,333	63.98
Tan Boon Lee	1,100	@	-	-
Tan Lei Cheng	51,201	0.01	39,916	0.01
Tan Kai Seng	4,743	@	-	-
Daniel Yong Chen-I	9,949	@	-	-
Tan Yee Seng	30,000	0.01	-	-

Based on issued and paid-up capital of 520,977,218 as at 15 April 2013.
Deemed to have interests in KrisAssets Shares held by other corporations by virtue of Section 6A(4) of the Act.
@ Less than 0.01%

VI. DIRECTORS' UNITHOLDINGS IN IGB REIT

Name of Directors	Direct	% of Issued Units^	Deemed^^	% of Issued Units^
Tan Sri Abu Talib bin Othman	1,111,908	0.03	-	-
Robert Tan Chung Meng	7,289,081	0.21	1,793,442,949	52.66
Tan Boon Lee	1,989,725	0.06	-	-
Pauline Tan Suat Ming	1,080,898	0.03	1,793,442,949	52.66
Tan Lei Cheng	1,853,742	0.05	345,722	0.01
Tony Tan @ Choon Keat	1,000,000	0.03	1,793,424,949	52.66
Tan Kai Seng	224,852	0.01	-	-
Yeoh Chong Swee	-	-	14,322	@
Chua Seng Yong	50,000	@	-	-
Daniel Yong Chen-I	802,132	0.02	-	-
Tan Yee Seng	707,200	0.02	-	-

^ Based on issued and fully paid Units of 3,405,782,426 as at 15 April 2013.
^^ Deemed to have interests in Units held by other corporations by virtue of Section 6A(4) of the Act and/or person(s) connected as defined under Section 122A of the Act.

List of Top Ten Major Properties by Value
held by IGB Group as at 31 December 2012

	Location/Address	Tenure	Age of Building (Years)	Description/ Existing use	Date of Acquisition/ Revaluation	Group Net Book Value As At 31 December 2012 RM'000
1	Corner of Jalan Sultan Ismail and Jalan Ampang, 50450 Kuala Lumpur	Freehold	16	910-rooms Renaissance Kuala Lumpur Hotel	23-3-2012	676,063
2	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	6	Shopping complex known as The Gardens Mall together with 4,128 car parking bays	28-12-2004	579,989
3	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	13	Shopping complex known as Mid Valley Megamall together with 6,102 car parking bays	17-12-1999	423,215
4	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	13	646-rooms Cititel Mid Valley	31-12-2011	280,025
5	PT 15 HS(D) 105028 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	Proposed commercial development known as Mid Valley South Point at Mid Valley City	28-12-2004	193,546
6	Micasa Hotel Apartments 386 Jalan Tun Razak 50400 Kuala Lumpur	Freehold	23	245-keys MiCasa All Suite Hotel	31-12-2010	170,297
7	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	7	390-roooms Boulevard Hotel	31-12-2010	156,249
8	Lot 15256 Mukim of Labu, District of Seremban, Negeri Sembilan	Freehold	-	344.0 hectares approved mixed development for residential and commercial use	31-1-2002	152,017
9	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	5	627-keys The Gardens Hotel and Residences	28-12-2004	149,399
10	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	5	409,000 sf office space at The Gardens South Tower	28-12-2004	131,380

Five-Year Group Financial Highlights

FINANCIAL YEAR ENDED		2012	2011	2010	2009	2008
Revenue	RM '000	**993,851**	772,129	719,360	642,442	688,224
Profit before tax	RM '000	**366,198**	357,504	277,922	221,536	208,363
Profit attributable to equity holders of the Company	RM '000	**180,190**	237,650	174,617	158,978	154,960
Issued and paid-up share capital (RM0.50)	RM '000	**745,148**	745,148	745,148	745,148	745,148
Capital and reserves attributable to equity holders of the Company	RM '000	**4,140,642**	3,424,000	3,105,589	2,856,493	2,688,381
Total Assets	RM '000	**7,114,207**	5,342,904	4,685,846	4,467,175	4,450,094
Earnings per share (basic)	sen	**12.5**	16.3	12.0	10.9	10.5
Net assets per share	RM	**2.8**	2.3	2.1	2.0	1.9
Gross dividend per share						
- cash dividend	sen	**7.50**	7.50	2.50	2.50	2.50
- share dividend *	sen	**-**	-	2.15	-	-
Share price as at 31 Dec	RM	**2.30**	2.46	2.08	2.00	1.38
Dividend yield	%	**3.3**	3.0	2.2	1.3	1.8
Total borrowings	RM '000	**1,696,694**	1,105,640	832,197	974,845	1,077,086
Net borrowings	RM '000	**(330,937)**	382,629	203,440	328,592	420,948
Net debt to Capital and Reserves attributable to equity holders of the Company	Times	**(0.08)**	0.11	0.07	0.12	0.16

* The share dividend distributed on 8 April 2011 from the treasury shares of the Company was made on the basis of one share for every one hundred existing shares held at the entitlement date. Based on the Company's share price of RM2.15 each on 8 April 2011, the value of the share dividend per share is equivalent to a gross cash dividend of 2.15 sen.

Reports and Financial Statements

Directors' Report
for the financial year ended 31 December 2012

The Directors are pleased to present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

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, investment holding and management of real estate investment trust.

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	222,044	2,501,120
Attributable to:		
Equity holders of the Company	180,190	2,501,120
Non-controlling interests	41,854	-
	222,044	2,501,120

Dividends

Since the end of the previous financial year, dividends on ordinary shares paid, declared or proposed by the Company were as follows:

		RM'000
(a)	In respect of the financial year ended 31 December 2011:	
	Interim dividend of 5% less tax at 25% paid on 6 April 2012	27,385
(b)	In respect of the financial year ended 31 December 2012:	
	Interim dividend of 15% less tax at 25% paid on 8 April 2013	79,287

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2012.

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 June 2012, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

Directors' Report
for the financial year ended 31 December 2012
(continued)

Treasury shares (continued)

During the financial year, the Company repurchased 42,524,300 of its own shares from the open market for RM107,993,970. The average purchase price for the shares repurchased was RM2.54 per share. The repurchase transactions 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 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.

As at 31 December 2012, the number of treasury shares held was 71,830,767 (2011: 29,306,467) ordinary shares of RM0.50 each.

Event after the reporting date

On 3 January 2013, KrisAssets Holdings Berhad announced that a total cash distribution of RM2.60 per ordinary share vide the Capital Reduction and Repayment comprising RM2.452 per ordinary share together with a special dividend of RM0.148 per ordinary share would be paid on 6 February 2013.

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)
Tan Yee Seng (alternate to Tan Boon Seng) (appointed on 17 May 2012)

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

In accordance with Article 86 of the Company's Articles of Association, Tan Kai Seng and Tony Tan @ Choon Keat 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 the age of seventy years, 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' interests

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares and units in the Company and its related corporations were as follows:

In the Company	**Number of ordinary shares of RM0.50 each**			
	1 January 2012	**Addition**	**Disposal**	**31 December 2012**
Tan Sri Abu Talib Bin Othman				
Direct	1,398,850	-	-	**1,398,850**
Robert Tan Chung Meng				
Direct	3,954,717	-	-	**3,954,717**
Indirect	513,119,824	24,478,600	-	**537,598,424**
Tan Boon Seng				
Indirect	40,587,242	-	-	**40,587,242**
Tan Boon Lee				
Direct	2,924,529	500,000	-	**3,424,529**
Tan Lei Cheng				
Direct	1,982,293	335,825	-	**2,318,118**
Indirect	1,707,038	-	-	**1,707,038**

Directors' Report
for the financial year ended 31 December 2012
(continued)

Directors' interests (continued)

In the Company	**Number of ordinary shares of RM0.50 each**			
	1 January 2012	**Addition**	**Disposal**	**31 December 2012**
Pauline Tan Suat Ming				
Direct	1,010,784	-	4,000	**1,006,784**
Indirect	513,141,081	24,482,600	-	**537,623,681**
Tony Tan @ Choon Keat				
Indirect	513,119,824	24,478,600	-	**537,598,424**
Tan Kai Seng				
Direct	93,677	-	-	**93,677**
Yeoh Chong Swee				
Indirect	54,035	-	-	**54,035**
Chua Seng Yong				
Direct	252,506	525,000	172,500	**605,006**

In KrisAssets Holdings Berhad (subsidiary)	**Number of ordinary shares of RM1.00 each**			
	1 January 2012/ At date of appointment	**Addition**	**Disposal**	**31 December 2012**
Robert Tan Chung Meng				
Direct	662,730	-	-	**662,730**
Indirect	333,322,333	-	-	**333,322,333**
Tan Boon Lee				
Direct	1,100	-	-	**1,100**
Tan Lei Cheng				
Direct	44,045	7,156	-	**51,201**
Indirect	39,916	-	-	**39,916**
Pauline Tan Suat Ming				
Direct	68	-	-	**68**
Indirect	333,322,333	-	-	**333,322,333**
Tony Tan @ Choon Keat				
Indirect	333,322,333	-	-	**333,322,333**
Tan Kai Seng				
Direct	4,743	-	-	**4,743**
Chua Seng Yong				
Direct	377,511	5,500	5,500	**377,511**
Daniel Yong Chen-I				
Direct	9,949	-	-	**9,949**
Tan Yee Seng				
Direct	30,000	-	-	**30,000**

Directors' interests (continued)

In IGB Real Estate Investment Trust ("IGB REIT") (subsidiary)	**Number of units of RM1.00 each** At date of listing 21 September 2012	**Addition**	**Disposal**	**31 December 2012**
Tan Sri Abu Talib Bin Othman				
Direct	1,111,908	-	-	**1,111,908**
Robert Tan Chung Meng				
Direct	3,816,376	3,472,705	-	**7,289,081**
Indirect	42,208,865	1,748,499,958	2,423,800	**1,788,285,023**
Tan Boon Seng				
Direct	1,000,000	300,000	1,300,000	**-**
Tan Boon Lee				
Direct	1,962,105	27,620	-	**1,989,725**
Tan Lei Cheng				
Direct	1,935,449	268,293	350,000	**1,853,742**
Indirect	136,563	209,159	-	**345,722**
Pauline Tan Suat Ming				
Direct	1,080,862	356	320	**1,080,898**
Indirect	42,208,865	1,748,499,958	2,423,800	**1,788,285,023**
Tony Tan @ Choon Keat				
Direct	1,000,000	-	-	**1,000,000**
Indirect	42,208,865	1,748,499,958	2,423,800	**1,788,285,023**
Tan Kai Seng				
Direct	1,000,000	24,852	-	**1,024,852**
Yeoh Chong Swee				
Direct	1,000,000	-	1,000,000	**-**
Indirect	4,322	-	-	**4,322**
Chua Seng Yong				
Direct	556,400	1,978,157	2,484,557	**50,000**
Daniel Yong Chen-I				
Direct	750,000	52,132	-	**802,132**
Tan Yee Seng				
Direct	750,000	157,200	200,000	**707,200**

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 of all subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the Directors in office at the end of the financial year held any interests in the shares 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.

Directors' Report
for the financial year ended 31 December 2012
(continued)

Directors' benefits (continued)

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.

At the date of this report, the Directors were 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 did 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 26 April 2013.

Robert Tan Chung Meng
Managing Director

Tan Kai Seng
Director

Income Statements
for the financial year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	5	**993,851**	772,129	**2,540,459**	53,058
Cost of sales		**(372,534)**	(326,996)	**(3,930)**	(1,442)
Gross profit		**621,317**	445,133	**2,536,529**	51,616
Other operating income		**39,075**	121,894	**3,821**	234,458
Administrative expenses		**(263,006)**	(187,855)	**(38,310)**	(24,647)
Other operating expenses		**(3,737)**	(2,976)	**(533)**	(1,442)
Profit from operations	6	**393,649**	376,196	**2,501,507**	259,985
Finance income	8	**31,719**	22,088	**19,603**	20,528
Finance costs	8	**(69,588)**	(55,918)	**(12,059)**	(11,861)
Share of results of associates		**10,418**	15,138	**-**	-
Profit before tax		**366,198**	357,504	**2,509,051**	268,652
Tax (expense)/credit	9	**(144,154)**	(90,655)	**(7,931)**	1,088
Profit for the financial year		**222,044**	266,849	**2,501,120**	269,740
Attributable to:					
Equity holders of the Company		**180,190**	237,650	**2,501,120**	269,740
Non-controlling interests		**41,854**	29,199	**-**	-
Profit for the financial year		**222,044**	266,849	**2,501,120**	269,740
Earnings per ordinary share (sen)					
Basic	10	**12.47**	16.26		
Gross dividends per ordinary share for the financial year (sen)	11	**2.50**	7.50	**2.50**	7.50

Consolidated Statements of Comprehensive Income
for the financial year ended 31 December 2012

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the financial year	**222,044**	266,849	**2,501,120**	269,740
Other comprehensive income/(loss):				
Exchange differences on translating foreign operations:				
Equity holders	**2,709**	3,611	**-**	-
Non-controlling interests	**149**	(154)	**-**	-
Surplus on revaluation of hotel properties	**-**	194,551	**-**	-
Reversal of revaluation surplus of hotel properties	**-**	(3,754)	**-**	-
Deferred tax on revaluation surplus in hotel properties	**-**	(46,094)	**-**	-
Share of an associate's realisation of revaluation surplus on property, plant and equipment	**-**	(238)	**-**	-
Share of other comprehensive income of an associate	**-**	34,977	**-**	-
Total comprehensive income for the financial year	**224,902**	449,748	**2,501,120**	269,740
Attributable to:				
Equity holders of the Company	**182,899**	420,703	**2,501,120**	269,740
Non-controlling interests	**42,003**	29,045	**-**	-
	224,902	449,748	**2,501,120**	269,740

Statements of Financial Position
as at 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Capital and reserves attributable to equity holders of the Company					
Share capital	12	**745,148**	745,148	**745,148**	745,148
Share premium	13	**404,112**	404,112	**404,112**	404,112
Treasury shares	14	**(157,015)**	(49,021)	**(157,015)**	(49,021)
		992,245	1,100,239	**992,245**	1,100,239
Revaluation and other reserves	15	**515,929**	618,537	**-**	-
Retained earnings	16	**2,632,468**	1,705,224	**4,156,200**	1,682,465
		4,140,642	3,424,000	**5,148,445**	2,782,704
Non-controlling interests		**599,801**	220,577	**-**	-
Total equity		**4,740,443**	3,644,577	**5,148,445**	2,782,704
Non-current assets					
Property, plant and equipment	19	**1,829,596**	1,139,546	**3,565**	1,876
Land held for property development	20(a)	**248,059**	242,942	**-**	9,038
Investment properties	21	**1,965,079**	1,913,422	**-**	-
Long term prepaid lease	22	**3,703**	4,049	**-**	-
Investments in subsidiaries	23	**-**	-	**4,470,086**	1,818,235
Investments in associates	24	**355,784**	538,438	**9,642**	130,423
Available-for-sale financial assets	26	**-**	-	**-**	-
Deferred tax assets	18	**5,893**	6,664	**-**	-
Goodwill	27	**19,164**	-	**-**	-
Cash and bank balances	34	**95,000**	121,593	**95,000**	119,610
		4,522,278	3,966,654	**4,578,293**	2,079,182
Current assets					
Property development costs	20(b)	**229,131**	203,177	**15,067**	-
Inventories	28	**62,461**	67,320	**36,138**	40,781
Financial assets at fair value through profit or loss	29	**504**	23,771	**389**	23,771
Trade and other receivables	30	**209,600**	219,044	**40,052**	33,579
Amounts owing by subsidiaries	31	**-**	-	**458,741**	305,967
Amounts owing by associates	32	**59,080**	135,941	**30,713**	114,570
Amount owing by a jointly controlled entity	36	**-**	249	**-**	-
Tax recoverable		**3,522**	3,737	**-**	-
Cash held under Housing Development Accounts	33	**5,259**	22,271	**45**	10,399
Cash and bank balances	34	**2,022,372**	700,740	**258,713**	446,313
		2,591,929	1,376,250	**839,858**	975,380
Less: Current liabilities					
Trade and other payables	35	**352,531**	319,234	**10,120**	11,572
Amounts owing to subsidiaries	31	**-**	-	**49,355**	57,300
Amounts owing to associates	32	**22,487**	25,518	**-**	-
Borrowings	17	**263,312**	282,627	**1,279**	1,282
Current tax payable		**59,148**	40,279	**8,952**	1,704
		697,478	667,658	**69,706**	71,858
Net current assets		**1,894,451**	708,592	**770,152**	903,522
Less: Non-current liabilities					
Trade and other payables	35	**55,178**	39,381	**-**	-
Borrowings	17	**1,433,382**	823,013	**200,000**	200,000
Deferred tax liabilities	18	**187,726**	168,275	**-**	-
		1,676,286	1,030,669	**200,000**	200,000
		4,740,443	3,644,577	**5,148,445**	2,782,704

Consolidated Statement of Changes in Equity
for the financial year ended 31 December 2012

		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	Non-controlling interests	Total equity
Group	**Note**	**'000**	**RM'000**	**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2012		**1,490,296**	**745,148**	**(29,307)**	**(49,021)**	**404,112**	**618,537**	**1,705,224**	**3,424,000**	**220,577**	**3,644,577**
Total comprehensive income for the financial year		-	-	-	-	-	**(102,608)**	**285,507**	**182,899**	**42,003**	**224,902**
Transactions with equity holders:											
Share buy back	14	-	-	**(42,524)**	**(107,994)**	-	-	-	**(107,994)**	-	**(107,994)**
Dividends on ordinary shares	11	-	-	-	-	-	-	**(27,385)**	**(27,385)**	-	**(27,385)**
Issuance of new ordinary shares in a subsidiary due to conversion of redeemable convertible secured bonds and its dilution effect	17(c)	-	-	-	-	-	-	**54,500**	**54,500**	**223,411**	**277,911**
Effects arising from the listing of IGB REIT	40B	-	-	-	-	-	-	**614,522**	**614,522**	**222,978**	**837,500**
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	**(94,560)**	**(94,560)**
Cancellation of equity portion of convertible bonds of a subsidiary, net of tax		-	-	-	-	-	-	-	-	**(14,628)**	**(14,628)**
Cancellation of treasury shares in a subsidiary		-	-	-	-	-	-	**100**	**100**	-	**100**
Total transactions with equity holders		-	-	**(42,524)**	**(107,994)**	-	-	**641,737**	**533,743**	**337,221**	**870,964**
At 31 December 2012		**1,490,296**	**745,148**	**(71,831)**	**(157,015)**	**404,112**	**515,929**	**2,632,468**	**4,140,642**	**599,801**	**4,740,443**

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2012

(continued)

		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	Non-controlling interests	Total equity
Group	Note	'000	RM'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011		1,490,296	745,148	(37,283)	(59,301)	427,221	437,827	1,554,694	3,105,589	149,613	3,255,202
Total comprehensive income for the financial year		-	-	-	-	-	180,710	239,993	420,703	29,045	449,748
Transactions with equity holders:											
Share buy back	14	-	-	(6,552)	(12,829)	-	-	-	(12,829)	-	(12,829)
Dividends on ordinary shares	11	-	-	-	-	-	-	(82,089)	(82,089)	-	(82,089)
Distribution of treasury shares as dividend	13/14	-	-	14,528	23,109	(23,109)	-	-	-	-	-
Dividends paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	(16,154)	(16,154)
Issuance of Redeemable Cumulative Non-voting Preference Shares to non-controlling interests in a subsidiary		-	-	-	-	-	-	-	-	7,701	7,701
Issuance of ordinary shares to non-controlling interests in a subsidiary		-	-	-	-	-	-	205	205	28,165	28,370
Disposal of shares in a subsidiary which does not result in a change in control		-	-	-	-	-	-	(7,579)	(7,579)	7,579	-
Equity portion of convertible bonds of a subsidiary, net of tax		-	-	-	-	-	-	-	-	14,628	14,628
Total transactions with equity holders		-	-	7,976	10,280	(23,109)	-	(89,463)	(102,292)	41,919	(60,373)
At 31 December 2011		1,490,296	745,148	(29,307)	(49,021)	404,112	618,537	1,705,224	3,424,000	220,577	3,644,577

Company Statement of Changes in Equity

for the financial year ended 31 December 2012

		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	**Note**	**'000**	**RM'000**	**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2012		**1,490,296**	**745,148**	**(29,307)**	**(49,021)**	**404,112**	**1,682,465**	**2,782,704**
Total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**-**	**2,501,120**	**2,501,120**
Transactions with equity holders:								
Share buy back	14	**-**	**-**	**(42,524)**	**(107,994)**	**-**	**-**	**(107,994)**
Dividends on ordinary shares	11	**-**	**-**	**-**	**-**	**-**	**(27,385)**	**(27,385)**
Total transactions with equity holders		**-**	**-**	**(42,524)**	**(107,994)**	**-**	**(27,385)**	**(135,379)**
At 31 December 2012		**1,490,296**	**745,148**	**(71,831)**	**(157,015)**	**404,112**	**4,156,200**	**5,148,445**
At 1 January 2011		1,490,296	745,148	(37,283)	(59,301)	427,221	1,494,814	2,607,882
Total comprehensive income for the financial year		-	-	-	-	-	269,740	269,740
Transactions with equity holders:								
Share buy back	14	-	-	(6,552)	(12,829)	-	-	(12,829)
Distribution of treasury shares as dividend		-	-	14,528	23,109	(23,109)	-	-
Dividends on ordinary shares	11	-	-	-	-	-	(82,089)	(82,089)
Total transactions with equity holders		-	-	7,976	10,280	(23,109)	(82,089)	(94,918)
At 31 December 2011		1,490,296	745,148	(29,307)	(49,021)	404,112	1,682,465	2,782,704

Statements of Cash Flows
for the financial year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Operating activities					
Cash receipts from customers		**948,017**	763,709	**9,418**	11,141
Cash paid to contractors, suppliers and employees		**(579,221)**	(445,038)	**(99,104)**	(34,940)
Cash flows from/(used in) operations		**368,796**	318,671	**(89,686)**	(23,799)
Interest paid		**(51,406)**	(56,500)	**(12,062)**	(11,861)
Income taxes paid		**(104,848)**	(54,701)	**-**	-
Income taxes refunded		**-**	-	**-**	8,080
Deposits held with trustee		**(8,651)**	(3,866)	**-**	-
Net cash generated from/(used in) operating activities		**203,891**	203,604	**(101,748)**	(27,580)
Investing activities					
Acquisition of subsidiaries	40A	**(101,849)**	-	**-**	-
Proceeds from redemption of preference shares in subsidiaries		**-**	-	**7,350**	13,000
Proceeds from disposal of financial assets at fair value through profit or loss		**23,444**	40,025	**23,444**	40,025
Interest received		**33,874**	19,121	**21,811**	17,595
Additions in property, plant and equipment		**(74,195)**	(55,438)	**(2,314)**	(183)
Additions in investment properties		**(98,541)**	(207,660)	**-**	-
Additions in land held for property development		**(4,155)**	(9,636)	**-**	(321)
Cash arising from dilution of equity in a subsidiary	40B	**837,500**	-	**-**	-
Proceeds from sale of land held for property development		**-**	7,645	**-**	-
Proceeds from sale of property, plant and equipment		**275**	-	**-**	-
Proceeds from disposal of a subsidiary		**-**	-	**-**	222,679
Proceeds from disposal of an associate		**114,325**	-	**-**	-
Subscription of additional shares in subsidiaries		**-**	-	**(102,659)**	(39,200)
Purchase of financial assets at fair value through profit or loss		**-**	(100)	**-**	(100)
Dividends received from subsidiaries		**-**	-	**149,657**	49,626
Dividends received from associates		**16,465**	31,675	**-**	-
Dividends received from financial assets at fair value through profit or loss		**-**	933	**-**	933
Dividends paid to non-controlling interests of subsidiaries		**(76,993)**	(15,401)	**-**	-
Net cash from/(used in) investing activities		**670,150**	(188,836)	**97,289**	304,054

Statements of Cash Flows
for the financial year ended 31 December 2012
(continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Financing activities					
Advances to subsidiaries		**-**	-	**(174,185)**	(306,326)
Repayments of advances from subsidiaries		**-**	-	**273,434**	443,058
Advances from subsidiaries		**-**	-	**4,102**	37,793
Repayments of advances to subsidiaries		**-**	-	**(8,843)**	(10,810)
Settlement of shareholders advances arising from acquisition of subsidiaries		**(176,151)**	-	**(176,151)**	-
Advances from associates		**-**	600	**-**	-
Repayments of advances to associates		**-**	(2,450)	**-**	-
Advances to associates		**(7,855)**	(7,180)	**(2,644)**	(7,004)
Repayments from associates		**-**	2,135	**-**	-
Net repayment of advances from jointly controlled entity		**249**	10,822	**-**	-
Repayments of borrowings		**(499,500)**	(126,031)	**-**	-
Proceeds from borrowings		**1,212,559**	142,828	**-**	-
Proceeds from issuance of Redeemable Convertible Secured Bonds		**-**	267,790	**-**	-
Purchase of treasury shares		**(104,245)**	(12,829)	**(104,245)**	(12,829)
Dividends paid		**(27,385)**	(82,089)	**(27,385)**	(82,089)
Deposits pledged with licensed banks		**26,593**	(119,669)	**24,610**	(119,610)
Net cash from/(used in) financing activities		**424,265**	73,927	**(191,307)**	(57,817)
Net increase/(decrease) in cash and cash equivalents during the financial year		**1,298,306**	88,695	**(195,766)**	218,657
Cash and cash equivalents at 1 January		**705,221**	612,909	**456,712**	234,521
Foreign currencies exchange differences on opening balances		**(2,337)**	3,617	**(2,188)**	3,534
Cash and cash equivalents at 31 December	43	**2,001,190**	705,221	**258,758**	456,712

Notes to the Financial Statements
for the financial year ended 31 December 2012

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, investment holding and management of real investment property trust.

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.

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 Financial Reporting Standards in Malaysia ("FRS").

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. In the next financial year, the Group will continue to apply FRS. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") from financial year beginning on 1 January 2014. In adopting the new framework, the Group will be applying MFRS 1 "First-time Adoption of MFRS".

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 Financial Reporting Standards in Malaysia 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 and the Company for the financial year beginning on 1 January 2012 are as follows:

- Amendments to FRS 7 "Disclosure – Transfer of Financial Assets"
- Amendments to FRS 112 "Deferred Tax – Recovery of Underlying Assets"
- IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"

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 new accounting standards, amendments to published standards and interpretations on the financial statements of the Group and of the Company do not result in a significant change to the accounting policies and 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 and the Company.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

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 standards, amendments to published standards and interpretations that are mandatory for the Group's financial year beginning on or after 1 January 2013 or later periods, and the Group has not early adopted, are as follows:

(i) Financial year beginning on 1 January 2013

- FRS 10 "Consolidated Financial Statements" changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in FRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

- FRS 11 "Joint Arrangements" requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- FRS 12 "Disclosures of Interests in Other Entities" sets out the required disclosures for entities reporting under the two new standards, FRS 10 and FRS 11, and replaces the disclosure requirements currently found in FRS 128 "Investments in Associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- FRS 13 "Fair Value Measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in FRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised FRS 127 "Separate Financial Statements" includes the provisions on separate financial statements that are left after the control provisions of FRS 127 have been included in the new FRS 10.

- The revised FRS 128 "Investments in Associates and Joint Ventures" includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of FRS 11.

- Amendment to FRS 101 "Presentation of Items of Other Comprehensive Income" requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future.

- Amendment to FRS 119 "Employee Benefits" makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach.

- Amendment to FRS 7 "Financial instruments: Disclosures" requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

(ii) Financial year beginning on 1 January 2014

- Amendment to FRS 132 "Financial instruments: Presentation" does not change the current offsetting model in FRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria.

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 (continued)

(iii) Financial year beginning on 1 January 2015

- FRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" replaces the multiple classification and measurement models in FRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The adoption of FRS 9 is expected to have material impact on financial assets of the Group and the Company.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from FRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity. The guidance in FRS 139 on impairment of financial assets and hedge accounting continues to apply.

  Management is still assessing the impact on the financial position of the Group and the Company in the year of initial application for FRS 9 and FRS 10. Other than that, 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 and the Company in the year of initial application.

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 consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the Group. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

If the business combination is achieved in stages, the acquisition date for value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

All earnings and losses of the subsidiary are attributed to the Group and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attributed to non-controlling interests for prior years is not restated.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

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 Group.

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant shares acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control. The Group's interest in jointly controlled entities is accounted for in the financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post-acquisition results of jointly controlled entities in profit or loss and its share of post-acquisition changes of the investee's reserves in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss).

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.

Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

(d) Associates

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

Investments in associates are accounted for using 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.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(d) Associates (continued)

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

When the Group increases its stake in an existing investment and the investment becomes an associate for the first time, goodwill is calculated at each stage of the acquisition. The Group does not revalue its previously owned share of net assets to fair value. Any existing available-for-sale reserve is reversed in other comprehensive income, restating the investment to cost. For an investment designated at fair value through profit or loss, the reversal resulting from the restatement to cost is made against retained earnings. A share of profits (after dividends) together with a share of any equity movements relating to the previously held interest are accounted for in other comprehensive income.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognise the amount adjacent to "share of profit/loss of associate" in the income statements.

(e) Investment in subsidiaries, joint ventures and associates

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates 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 the income statements.

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 impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2.15 on borrowings and borrowing costs).

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 recognised as expenses in the income statements during the financial period in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the income statements. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset. The revaluation surplus included in equity is transferred directly to retained earnings as the asset is used. The amount of the revaluation surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

Freehold land is not depreciated as it has an infinite life. Leasehold land classified as finance lease (refer to accounting policy Note 2.7 (b) on finance lease) is amortised in equal installments over the period of the respective leases. Other property, plant and equipment are depreciated on the straight line method to allocate the cost or the revalued amounts to their residual values over their estimated useful lives, summarised 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 the end of the reporting period. 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 the end of the reporting period, 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 net disposal proceeds with carrying amount and are included in the income statements. The revaluation surplus included in equity is transferred directly to retained earnings when the asset is disposed of.

2.4 Investment properties

Investment properties, comprising principally land, 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. Investment properties are measured initially at cost, including related transaction costs. Building fittings that are attached to the buildings are also classified as investment properties.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. At 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. Freehold land is not depreciated as it has an infinite life. Other categories of investment properties are depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

	%
• Buildings	2
• Building fittings	10-20

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised (eliminated from the statement of financial position) either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in the income statements.

2. Summary of significant accounting policies (continued)

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.

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

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost to sell. Any impairment losses on goodwill is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary 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, identified according to operating segment. Please 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 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.7 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

a) Operating lease

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

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in the income statements when incurred. 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.

b) Finance lease

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.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

2. Summary of significant accounting policies (continued)

2.7 Leases (continued)

b) Finance lease (continued)

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.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in the income statements over the lease term on the same basis as the lease expense.

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.

(b) Hotel operating supplies

Cost is determined using the first-in, first-out method 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 specifically 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.

Contract costs are recognised as expenses in the period in which they are incurred. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

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

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

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2. Summary of significant accounting policies (continued)

2.10 Property development activities

(a) Land held for property development

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

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.

(b) Property development costs

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

When the outcome of the development activity can be estimated reliably, property development revenue and expenses in respect of development units sold are recognised by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development.

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

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

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

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

2.11 Trade and other receivables

Trade and other 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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see accounting policy Note 2.21 (c) on impairment of financial assets).

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, if any are included within borrowings in current liabilities in the statement of financial position.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

2. Summary of significant accounting policies (continued)

2.13 Share capital

(a) Classifications

Ordinary shares and non-redeemable preference shares with discretionary dividends 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 deducted against share premium account.

(c) Dividends to shareholders of the Company

Interim dividends on ordinary shares 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 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 of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental external costs and the related tax effects, is included in equity attributable to the Company's equity holders.

2.14 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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 and borrowing costs

(a) Classification

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in the income statements over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are regarded as transaction costs of the loan to the extent that it is possible some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs to the extend these is no evidence that it is probable that some or all the facility will be drawdown. The fee is capitalised as a prepayment for a liquidity services and amortised over the period of the facility of which it relates.

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 directly attributable to the acquisition or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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 income statements in the period in which they are incurred.

2. Summary of significant accounting policies (continued)

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

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.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible differences to the extent that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which, at the time of transaction, affects neither accounting profit nor taxable profit.

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.

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in the equity or other comprehensive income, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset and the Group intends to settle either on a net basis or to realise the assets and settle the liability simultaneously.

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.

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

Notes to the Financial Statements

for the financial year ended 31 December 2012
(continued)

2. Summary of significant accounting policies (continued)

2.17 Employee benefits (continued)

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

2.18 Contingent liabilities and contingent assets

The Group does not recognise contingent assets and liabilities 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. However, contingent liabilities do not include financial guarantee contracts.

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 goods and services tax, rebates and discounts and after eliminating sales within the Group.

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

Income from property development is recognised on the 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 collectibility is in doubt, in which case the recognition of such income is suspended. Other rent related and carpark income is recognised upon services being rendered. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. Service and management charges are recognised in the accounting period in which the services are 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. Summary of significant accounting policies (continued)

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.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the 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 statements.

Foreign exchange gains and losses that relate to cash and cash equivalents is presented in income statement within 'other operating income or expense'.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- 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 income statements 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. Exchange differences arising are recognised in other comprehensive income.

2.21 Financial instruments

(a) Financial asset

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 becomes 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.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

2. Summary of significant accounting policies (continued)

2.21 Financial instruments (continued)

(a) Financial asset (continued)

(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 or incurred principally for the purpose of selling or repurchasing it in the near 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.

(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', 'cash held under Housing Development Accounts', 'cash and bank balances' and 'amount owing by a jointly controlled entity' in the statement of financial position (Notes 30, 31, 32, 33, 34 and 36).

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement 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 (see accounting policy Note 2.21 (c)) 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 non-monetary assets are recognised in other comprehensive income as part of fair value change.

(b) Financial liability

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 and financial guarantee contracts. 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', 'amounts owing to subsidiaries', 'amounts owing to associates' and 'trade and other payables' in the statement of financial position (Notes 17, 31, 32 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 income statement 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.

2. Summary of significant accounting policies (continued)

2.21 Financial instruments (continued)

(b) Financial liability (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 guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liabilities are initially recognised at their fair values plus transaction costs in the Group's statement of financial position.

Financial guarantees are subsequently amortised to the income statements 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 the bank in the Group's statement of financial position.

(c) 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;
- 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 income statement.

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.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of loss has been determined.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

2. Summary of significant accounting policies (continued)

2.21 Financial instruments (continued)

(c) 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 the income statements, the impairment loss is reversed through the income statements.

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 the income statements. The amount of cumulative loss that is reclassified to the income statements is the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statements. Impairment losses recognised in consolidated statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the consolidated income statement.

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.

(d) 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.

(e) 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.

2.23 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to equity share capital at the option of the holder, and the number of equity shares to be issued does not vary with changes in their fair value.

2. Summary of significant accounting policies (continued)

2.23 Compound financial instruments (continued)

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity compound is recognised initially at the difference between the fair value of the compound financial instruments as a whole and the fair value of the liability component. Any directly attributable contribution costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method until extinguished on conversion or maturity of the compound instrument. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except when the compound instrument is redeemed or repurchased before maturity. The equity instrument component is subject to deferred tax liability which is changed directly to equity.

Upon conversion of the compound instrument into equity shares, the amount credited to ordinary share capital and share premium is the aggregate of the carrying amounts of the liability components classified within liability and equity component at the time of conversion no gain or loss is recognised.

3. Financial risk management objectives and policies

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

(a) Market risk

(i) Foreign currency exchange risk

The Group and the Company is exposed to foreign currency risk as a result of advances from/(to) subsidiaries, advances from/(to) associates and deposits with licensed banks denominated in Great Britain Pound ("GBP"), US Dollar ("USD"), Australian Dollar ("AUD") and Hong Kong Dollar ("HKD"). Management regularly monitors the foreign exchange currency fluctuations.

The currency exposure profile of the Group's and the Company's financial assets and financial liabilities is disclosed in the respective notes to the financial statements.

Currency risks as defined by FRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency.

As at 31 December 2012, the Group's and the Company's Ringgit Malaysia ("RM") functional entities had GBP, USD, AUD and HKD denominated net monetary assets as tabled below together with the effects to the Group's and the Company's profit before tax if the GBP, USD, AUD and HKD had strengthened/weakened by 1.98% (2011: 1.89%), 1.94% (2011: 2.87%), 1.23% (2011: 4.34%) and 1.77% (2011: 2.90%) respectively against RM.

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net monetary assets denominated in GBP	**20,195**	19,907	**-**	-
Effects to profit before tax if the GBP had strengthened/weakened against RM				
- strengthened	**400**	376	**-**	-
- weakened	**(400)**	(376)	**-**	-

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

3. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net monetary assets denominated in USD	**70,254**	70,515	**70,247**	70,508
Effects to profit before tax if the USD had strengthened/weakened against RM				
- strengthened	**1,363**	2,024	**1,363**	2,024
- weakened	**(1,363)**	(2,024)	**(1,363)**	(2,024)
Net monetary assets denominated in AUD	**59,452**	13,503	**66,917**	28,969
Effects to profit before tax if the AUD had strengthened/weakened against RM				
- strengthened	**731**	586	**823**	1,257
- weakened	**(731)**	(586)	**(823)**	(1,257)
Net monetary assets/(liabilities) denominated in HKD	**-**	19,052	**(17,548)**	1,504
Effects to profit before tax if the HKD had strengthened/weakened against RM				
- strengthened	**-**	533	**(331)**	44
- weakened	**-**	(533)	**331**	(44)

Except as disclosed above, foreign currency exchange risks exposures are not material and did not have any significant impact on the financial statements of the Group and the Company at the reporting date, hence sensitivity analysis is not presented.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates exposes the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

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

If interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the effects on profit after taxation would be as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Borrowings based on cost of funds		
- increase by 100 basis points	**2,146**	1,318
- decrease by 100 basis points	**(2,146)**	(1,318)

3. Financial risk management objectives and policies (continued)

(b) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group and Company 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 and Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group and Company management reporting procedures. The Group and Company 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 and Company. Management will continuously monitor closely the trade receivables which are past due.

Credit risk arising from property development

The Group and Company 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 and Company management reporting procedures. The Group and the Company does not have any significant exposure to any individual customer or counterparty nor does the Group and the Company have any major concentration of credit risk related to any financial instruments.

Credit risks with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group and the Company in the event of default.

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 and the Company's association to business partners with high creditworthiness. Furthermore, the tenants have placed security deposits with the Group and the Company which acts as collateral. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and the Company'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 and the Company's large number of customers. The Group's and the Company'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 and the Company's trade receivables.

Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks and financial institutions. The deposits are placed with credit worthy financial institutions. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely. See Note 25(B) for further disclosure on credit risk.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statements of financial position, except as follows:

	Company	
	2012	**2011**
	RM'000	**RM'000**
Corporate guarantees provided to banks on subsidiaries' facilities	**132,500**	545,000

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

3. Financial risk management objectives and policies (continued)

(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 RM2,001,190,000 (2011: RM705,221,000) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's and the Company'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.

	Note	Less than 1 year RM'000	Between 1 year and 2 years RM'000	Between 2 years and 3 years RM'000	Over 3 years RM'000	Total RM'000
Group						
At 31 December 2012						
Borrowings	17	**334,904**	**110,465**	**69,660**	**1,514,312**	**2,029,341**
Trade and other payables	35	**352,531**	**33,129**	**22,049**	**-**	**407,709**
At 31 December 2011						
Borrowings	17	367,038	186,742	11,700	784,214	1,349,694
Trade and other payables	35	319,234	18,953	20,428	-	358,615
Company						
At 31 December 2012						
Borrowings	17	**12,979**	**11,700**	**11,700**	**219,500**	**255,879**
Trade and other payables	35	**10,120**	**-**	**-**	**-**	**10,120**
Financial guarantee liabilites		**132,500**	**-**	**-**	**-**	**132,500**
At 31 December 2011						
Borrowings	17	12,982	11,700	11,700	231,200	267,582
Trade and other payables	35	11,572	-	-	-	11,572
Financial guarantee liabilites		545,000	-	-	-	545,000

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debt.

Management monitors capital on the basis of the gearing ratio. The Group and the Company are also required by certain banks to maintain a debt to equity ratio not exceeding 0.5:1. The Group's and the Company's strategy is to maintain a debt to equity ratio not exceeding 0.5:1.

The debt to equity ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (excluding trade and other payables) less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net (cash)/debt.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

3. Financial risk management objectives and policies (continued)

(d) Capital risk management (continued)

The gearing ratios as at 31 December 2012 and 2011 were as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Total borrowings (note 17)	**1,696,694**	1,105,640
Less: cash and cash equivalents (note 43)	**(2,027,631)**	(723,011)
Net (cash)/debt	**(330,937)**	382,629
Total equity	**4,740,443**	3,644,577
Total capital	**4,409,506**	4,027,206
Gearing ratio	**(8%)**	10%

(e) Fair values

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the entity's assets and liabilities that are measured at fair value:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Level 1				
Financial assets at fair value through profit or loss	**504**	23,771	**389**	23,771

Financial assets at fair value through profit or loss are investments in securities which has quoted market price.

The Group and Company does not hold any financial assets or liabilities that are fair valued at Level 2 and at Level 3.

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 2012
(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

When the outcome of the development activity can be estimated reliably and the sale of the development unit is effected, the Group recognises property development profits and costs 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.

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

Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development costs, the expected loss is recognised as an expense in the period in which the loss is identified.

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	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Rental income from retail malls	**388,831**	365,655	**-**	-
Hotel room revenue	**258,924**	167,284	**-**	-
Rental income from office buildings	**116,107**	104,643	**-**	-
Property development revenue	**105,253**	17,895	**5,660**	-
Sale of food, beverages and others	**49,404**	49,570	**-**	-
Investment income	**12,827**	14,888	**2,532,308**	50,616
Contract revenue	**43,055**	41,923	**-**	-
Rendering of services	**7,242**	2,902	**-**	-
Other rental and rent related income	**12,208**	7,369	**2,491**	2,442
	993,851	772,129	**2,540,459**	53,058

6. Profit from operations

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit from operations is stated after charging:				
Auditors' remuneration:				
- Current financial year	**750**	598	**135**	135
- Under provision in prior financial year	**-**	6	**-**	1
- Other fees	**12**	12	**6**	6
Property development cost	**73,004**	7,950	**-**	-
Construction contract cost	**42,903**	41,717	**-**	-
Depreciation:				
- property, plant and equipment	**66,270**	53,663	**625**	895
- investment properties	**52,055**	54,089	**-**	-
- long term prepaid lease	**225**	232	**-**	-
Hire of plant and equipment	**186**	530	**-**	-
Operating lease rental	**1,086**	1,088	**-**	-
Impairment losses:				
- Investment in subsidiaries	**-**	-	**-**	224
Listing expenses	**24,645**	-	**-**	-
Loss on revaluation of financial assets at fair value through profit or loss	**57**	-	**57**	-
Loss on disposal of property, plant and equipment	**66**	64	**-**	-
Rental of buildings	**9,819**	6,675	**3,730**	3,690
Staff costs (includes Directors' remuneration as disclosed in Note 7 but excludes defined contribution plan)	**95,556**	82,908	**24,784**	18,861
Defined contribution plan	**10,038**	8,571	**2,727**	1,993
Foreign exchange loss – unrealised	**2,247**	409	**476**	-
Write - off of property, plant and equipment	**36**	6,214	**-**	1,179
Provision for impairment:				
- Amounts owing by subsidiaries	**-**	-	**1,154**	184
- Amounts owing by associates	**1,811**	1,154	**1,811**	1,154
and crediting:				
Reversal of provision for impairment:				
- Amount owing by subsidiaries	**-**	-	**-**	2,283
Profit on disposal of land held for development	**-**	5,643	**-**	-
Foreign exchange gain - unrealised	**244**	11,092	**-**	6,974
Rental income on investment properties	**1,638**	1,394	**-**	-
Gain on revaluation of financial assets at fair value through profit or loss	**-**	355	**-**	355
Distribution upon members' voluntary liquidation	**1,330**	2,282	**1,330**	2,282
Write-back of provision for liquidated and ascertained damages	**2,614**	-	**-**	-
Reversal of impairment loss:				
- property, plant and equipment	**10,000**	3,595	**-**	-
- land held for property development	**10,000**	-	**-**	-
Gain on disposal of a subsidiary	**-**	-	**-**	213,879
Gain on disposal of an associate	**9,180**	87,965	**-**	-
Gain on disposal of property, plant and equipment	**153**	-	**-**	-

* *Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM226,784,000 (2011: RM192,747,000).*

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

6. Profit from operations (continued)

Included in direct operating expenses of the Group are the following expenses:

	Group	
	2012	2011
	RM'000	RM'000
Repairs and maintenance	**43,440**	37,354
Utilities	**51,179**	48,489
Staff costs	**3,025**	2,768
Depreciation of investment properties	**52,055**	54,089

7. Directors' remuneration

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Fees:				
Directors of the Company	**260**	314	**260**	314
Directors of subsidiaries	**440**	320	**-**	-
Other emoluments:				
Directors of the Company	**5,955**	4,365	**5,955**	3,505
Directors of subsidiaries	**6,401**	4,348	**-**	-
Defined contribution plan	**1,445**	466	**704**	460
Benefits-in-kind	**328**	167	**76**	91
	14,829	9,980	**6,995**	4,370

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

8. Finance income and costs

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Finance costs:				
Interest expense on borrowings	**47,952**	32,220	**12,039**	11,812
Interest expense on amounts owing to subsidiaries	**-**	-	**20**	49
Redeemable secured bonds	**9,157**	10,781	**-**	-
Redeemable convertible secured bonds	**6,160**	10,399	**-**	-
Other financing costs	**6,319**	2,518	**-**	-
Total finance costs	**69,588**	55,918	**12,059**	11,861
Finance income:				
Interest income on deposits with licensed banks	**30,220**	18,082	**9,838**	11,858
Interest income on late payment from tenants	**1,499**	1,418	**-**	132
Interest income from advances to subsidiaries	**-**	-	**9,765**	8,538
Others	**-**	2,588	**-**	-
Total finance income	**31,719**	22,088	**19,603**	20,528
Net finance costs/(income)	**37,869**	33,830	**(7,544)**	(8,667)

9. Tax expense/(credit)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current tax:					
Malaysian tax		**123,298**	79,340	**7,931**	(1,088)
Foreign tax		**634**	146	**-**	-
Deferred tax	18	**20,222**	11,169	**-**	-
		144,154	90,655	**7,931**	(1,088)
Current tax					
Current financial year		**126,469**	82,328	**7,931**	-
Over accrual in prior financial years		**(2,537)**	(2,842)	**-**	(1,088)
		123,932	79,486	**7,931**	(1,088)
Deferred tax					
Origination and reversal of temporary differences	18	**20,222**	11,169	**-**	-
		144,154	90,655	**7,931**	(1,088)

The explanation of the relationship between tax expense/(credit) and profit before tax is as follows:

	Group 2012 RM'000 %	Group 2011 RM'000 %	Company 2012 RM'000 %	Company 2011 RM'000 %
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)**	(2)	**-**	-
Expenses not deductible for tax purposes	**22**	23	**-**	-
Income not subject to tax	**(7)**	(21)	**(25)**	(25)
Current financial year's tax loss not recognised	**1**	3	**-**	-
Utilisation of previously unrecognised tax losses	**-**	(2)	**-**	-
Over accrual in prior financial years	**-** *	(1)	**-**	- *
Average effective tax rate	**39**	25	**-**	-

* *The tax effects of these reconciling items are less than 1%.*

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

	Group 2012 RM'000	Group 2011 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	-	5,938

Notes to the Financial Statements
for the financial year ended 31 December 2012
(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).

	Group	
	2012	**2011**
Profit attributable to the equity holders of the Company (RM'000)	**180,190**	237,650
Weighted average number of ordinary shares in issue ('000)	**1,445,180**	1,461,420
Basic earnings per ordinary share (sen)	**12.47**	16.26

11. Dividends

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

	Group and Company			
	2012		**2011**	
	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 2011	**2.5**	**27,385**	-	-
Paid interim dividend of 10.0% less tax at 25% for financial year ended 31 December 2011	**-**	**-**	5.0	54,845
Paid interim dividend of 5.0% less tax at 25% for financial year ended 31 December 2010	**-**	**-**	2.5	27,244
Dividend per share recognised as distribution to ordinary equity holders	**2.5**	**27,385**	7.5	82,089

On 22 February 2012, the Directors declared an interim dividend in respect of the financial year ended 31 December 2011 of 5% less tax at 25% which was paid on 6 April 2012 to every member who was entitled to receive the dividend as at 4.00 pm on 8 March 2012.

On 28 February 2013, the Directors declared an interim dividend in respect of the financial year ended 31 December 2012 of 15% less tax at 25% which was paid on 8 April 2013 to every member who was entitled to receive the dividend as at 4.00 pm on 15 March 2013.

12. Share capital

	Group and Company	
	2012	**2011**
	RM'000	**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	
	2012	**2011**
	RM'000	**RM'000**
Relating to ordinary shares:		
At 1 January	**404,112**	427,221
Less:		
Distribution of treasury shares as dividend	**-**	(23,109)
At 31 December	**404,112**	404,112

14. Treasury shares

Shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 26 June 2012, 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.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

14. Treasury shares (continued)

During the financial year, the Company repurchased 42,524,300 of its own shares. The average price paid for the shares repurchased was RM2.54 per share. As at 31 December 2012, a total of 71,830,767 (2011: 29,306,467) ordinary shares of RM0.50 each were held as treasury shares.

	Number of shares	Total cost RM	Purchase price per share RM Lowest	Purchase price per share RM Highest	Average cost per share RM
2012					
At 1 January	**29,306,467**	**49,020,578**	**1.15**	**2.82**	**1.67**
Repurchased during the financial year:					
February	431,400	1,169,024	2.70	2.70	2.71
March	1,782,200	4,896,261	2.69	2.77	2.75
April	2,873,700	7,901,148	2.71	2.77	2.75
May	3,027,400	8,314,114	2.71	2.76	2.75
June	3,646,900	9,987,302	2.69	2.78	2.74
July	1,087,700	2,974,154	2.70	2.75	2.73
August	7,207,200	18,660,371	2.42	2.72	2.59
September	13,428,100	32,430,014	2.20	2.61	2.42
October	3,663,900	8,870,958	2.28	2.50	2.42
November	2,160,900	5,179,038	2.36	2.43	2.40
December	3,214,900	7,611,586	2.30	2.45	2.37
At 31 December	**71,830,767**	**157,014,548**	**1.15**	**2.82**	**2.19**
2011					
At 1 January	37,282,600	59,300,914	1.15	2.82	1.59
Distributed as share dividend:					
April	(14,528,233)	(23,108,607)			
Repurchased during the financial year:					
May	10,000	21,355	2.12	2.12	2.14
August	4,987,600	9,883,106	1.92	2.03	1.98
September	1,544,500	2,903,765	1.80	1.93	1.88
November	10,000	20,045	1.99	1.99	2.00
At 31 December	29,306,467	49,020,578	1.15	2.82	1.67

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 purchase cost. 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 31 December 2012, the number of outstanding shares in issue after setting off treasury shares against equity was 1,418,465,240 (2011: 1,460,989,540).

15. Revaluation and other reserves

The revaluation and other reserves comprise:

Group	Surplus on revaluation of properties RM'000	Share of revaluation reserves in an associate RM'000	Capital distribution in-specie of KrisAssets shares RM'000	Exchange fluctuation reserve RM'000	Capital redemption reserve RM'000	Total RM'000
2012						
At 1 January	**370,657**	**104,181**	**183,019**	**(39,613)**	**293**	**618,537**
Currency translation differences	**-**	**-**	**-**	**2,709**	**-**	**2,709**
Recycling of reserves to retained earnings	**-**	**(104,181)**	**-**	**3,325**	**(293)**	**(101,149)**
Realisation of revaluation surplus on property, plant and equipment, net of tax	**(4,168)**	**-**	**-**	**-**	**-**	**(4,168)**
At 31 December	**366,489**	**-**	**183,019**	**(33,579)**	**-**	**515,929**
2011						
At 1 January	228,297	69,442	183,019	(43,224)	293	437,827
Currency translation differences	-	-	-	3,611	-	3,611
Revaluation surplus on property, plant and equipment	194,551	-	-	-	-	194,551
Reversal of revaluation surplus on property, plant and equipment	(3,754)	-	-	-	-	(3,754)
Deferred tax on revaluation surplus	(46,094)	-	-	-	-	(46,094)
Realisation of revaluation surplus on property, plant and equipment, net of tax	(2,343)	(238)	-	-	-	(2,581)
Share of revaluation surplus in an associate	-	34,977	-	-	-	34,977
At 31 December	370,657	104,181	183,019	(39,613)	293	618,537

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 RM148,000,000 (2011: RM175,385,000) out of its retained earnings of approximately RM4,156,200,000 as at 31 December 2012 (2011: RM1,682,465,000). The Company also has tax exempt income as at 31 December 2012 amounting to RM59,282,000 (2011: RM59,282,000) available for distribution as tax exempt dividends to shareholders.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

17. Borrowings

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Secured					
Term loans	17(a)	**1,449,939**	430,415	**201,279**	201,282
Redeemable secured bonds	17(b)	**-**	202,437	**-**	-
Redeemable convertible secured bonds	17(c)	**-**	254,908	**-**	-
Revolving credits	17(d)	**246,755**	217,880	**-**	-
Total repayable		**1,696,694**	1,105,640	**201,279**	201,282

As at 31 December 2012, the weighted average effective interest rates for borrowings were as follows:

	Group		Company	
	2012	2011	2012	2011
	% per annum	% per annum	% per annum	% per annum
Weighted average effective interest rates at 31 December 2012:				
Term loans	**4.61**	5.40	**5.85**	5.85
Redeemable secured bonds	**-**	4.20	**-**	-
Redeemable convertible secured bonds	**-**	5.50	**-**	-
Revolving credits	**4.07**	4.47	**-**	-

Estimated fair values

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

	Group			
	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Term loans	**1,449,939**	**1,445,297**	430,415	428,930
Redeemable secured bonds	**-**	**-**	202,437	204,037
Redeemable convertible secured bonds	**-**	**-**	254,908	254,908
Revolving credits	**246,755**	**246,755**	217,880	217,880
	1,696,694	**1,692,052**	1,105,640	1,105,755

	Company			
	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Term loan	**201,279**	**196,637**	201,282	209,213

17. Borrowings (continued)

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

(a) Term loans

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured:				
Current	**16,557**	60,415	**1,279**	1,282
Non-current	**1,433,382**	370,000	**200,000**	200,000
Total repayable	**1,449,939**	430,415	**201,279**	201,282

Term loans obtained by the Group and the Company comprise of the following:

A. AmTrustee Berhad ("the Trustee"), on behalf of IGB REIT, as borrower, has obtained the Syndicated Financing Facilities ("SFF") comprising the following:

(a) A fixed rate term loan facility ("FRTL") of up to RM1,200 million; and
(b) A standby revolving credit facility of ("SBRC") of up to RM20 million.

Proceeds drawn from the FRTL were utilised by IGB REIT to part finance the acquisitions of Mid Valley Megamall and The Gardens Mall together with related assets ("Acquisitions") and the proceeds drawn from the SBRC were utilised by IGB REIT to part finance the Acquisitions and to finance its capital expenditure requirements.

The FRTL has tenure of five (5) years from the date of first drawdown with an option to extend the same for a further two (2) years exercisable by the Trustee. For the first five (5) years, the FRTL bears a fixed interest rate of 4.4% per annum. In the event the FRTL is extended, the interest rates for the sixth and the seventh year shall be stepped up to 5.0% per annum.

The SBRC has tenure of seven (7) years from the date of fulfilment of all conditions precedent. The SBRC bears a floating interest rate of the aggregate effective costs of funds and a margin of 0.7% per annum.

The SFF are secured against, among others, the following:

(i) a first party assignment by the Trustee of its rights, title, interests and benefits in Mid Valley Megamall and under the sale and purchase agreement in relation to Mid Valley Megamall pursuant to the Acquisitions and all other documents evidencing the Trustee's interest in Mid Valley Megamall. In the event the subdivision of master title is completed and a separate strata title is issued for Mid Valley Megamall ("Megamall Strata Title"), a first party first legal charge shall be created by the Trustee on the Megamall Strata Title for the benefit of the syndicated lenders;

(ii) an undertaking from the Trustee and IGB REIT Management Sdn Bhd ("the Manager");

(a) to deposit all cash flows generated from Mid Valley Megamall into the revenue account; and

(b) that it shall not declare or make any dividends or distributions out of the cashflow derived from Mid Valley Megamall to the Unitholders if an event of default has occurred under the terms of the SFF, and is continuing and has not been waived;

(iii) a first party legal assignment and charge by the Trustee over all rights, interests, title and benefits relating to the following designated accounts:

(a) the revenue account into which the Trustee shall credit, among others, all income and insurance proceeds derived from or in relation to Mid Valley Megamall;

(b) the operating account which is to capture funds transferred from the revenue account for the purpose of managing the operating expenditure of Mid Valley Megamall; and

(c) the debt service reserve account which is to capture funds transferred from the revenue account for purposes of meeting the debt service requirement;

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

17. Borrowings (continued)

(a) Term loans (continued)

A. AmTrustee Berhad ("the Trustee"), on behalf of IGB REIT, as borrower, has obtained the Syndicated Financing Facilities ("SFF") comprising the following: (continued)

(iv) a first party legal assignment by the Trustee of all the proceeds under the tenancy/lease agreements in relation to Mid Valley Megamall; and

(v) a first party legal assignment over all of the Trustee's rights, interests, titles and benefits and all the insurance policies in relation to Mid Valley Megamall and the security agent (acting for and on behalf of the syndicated lenders) being named as the loss payee and beneficiary of the insurance policies.

B. A term loan ("TL") of RM40 million (2011: RM40 million) of a subsidiary with a tenure of five (5) years from the date of first drawdown and bears a floating interest rate of the aggregate effective cost of funds and a margin of 1.35% per annum.

The TL is secured against the following:

i) A first party charge over hotel properties (Note 19);

ii) Debenture over assets of the subsidiary: and

iii) Assignment of all insurance of the subsidiary.

C. Term loan obtained by the Company comprise of a fixed rate term loan ("FRTL") of RM200 million (2011: RM200 million) with a tenure of ten (10) years from the date of first drawdown and bears a fixed interest rate of 5.85% per annum.

The FRTL is secured against hotel properties of a subsidiary (Note 19).

The maturity of term loans was as follows:

	Fixed interest rate						**Floating interest rate**		
	< 1 year	**1 – 2 years**	**2 – 3 years**	**3 – 4 years**	**4 – 5 years**	**> 5 years**	**< 1 year**	**1 – 2 years**	**Total**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 31 December 2012									
Secured									
Term loans	**16,557**	**-**	**-**	**50,000**	**1,243,382**	**100,000**	**-**	**40,000**	**1,449,939**
At 31 December 2011									
Secured									
Term loans	60,415	170,000	-	-	50,000	150,000	-	-	430,415
Company									
At 31 December 2012									
Secured									
Term loan	**1,279**	**-**	**-**	**50,000**	**50,000**	**100,000**	**-**	**-**	**201,279**
At 31 December 2011									
Secured									
Term loan	1,282	-	-	-	50,000	150,000	-	-	201,282

17. Borrowings (continued)

(b) Redeemable secured bonds

	Group	
	2012	**2011**
	RM'000	**RM'000**
Secured:		
Current	-	2,437
Non-current	-	200,000
	-	202,437

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. As at 31 December 2011, the nominal value of the MVCap Bonds outstanding was RM200 million.

The MVCap Bonds were fully redeemed on 20 September 2012.

(c) Redeemable convertible secured bonds

	Group	
	2012	**2011**
	RM'000	**RM'000**
Secured:		
Current	-	1,895
Non- current	-	253,013
	-	254,908

On 30 March 2011, a subsidiary, KrisAssets Holdings Berhad ("KrisAssets"), issued RM300 million nominal value 7-year redeemable convertible secured bonds ("CB Bonds") with 2.5% per annum coupon rate. The CB Bonds could be converted into ordinary shares within conversion period at a conversion price of RM3.72 per share.

The CB Bonds were fully converted into 80,645,160 ordinary shares in KrisAssets on 19 September 2012.

(d) Revolving credits

	Group	
	2012	**2011**
	RM'000	**RM'000**
Secured:		
Current	**246,755**	217,880

The revolving credits are secured by way of:

(a) Corporate guarantee by the Company to its subsidiaries;
(b) Deposit of master title of a piece of land held for property development (Note 20(b));
(c) Deposits pledged with licensed banks (Note 34).

The revolving credits are repayable on maturity date of each drawdown. As at 31 December 2012, the total revolving credits outstanding was RM239,463,000.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

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 statements of financial position:

		Group	
		2012	**2011**
	Note	**RM'000**	**RM'000**
Subject to income tax			
Deferred tax assets:			
Property, plant and equipment		**4,232**	4,879
Provisions		**1,661**	1,785
Deferred tax assets		**5,893**	6,664
Deferred tax liabilities:			
Property, plant and equipment		**(183,198)**	(163,789)
Property development costs		**(3,345)**	(3,379)
Land held for property development		**(1,066)**	(990)
Others		**(117)**	(117)
Deferred tax liabilities		**(187,726)**	(168,275)
At 31 December		**(181,833)**	(161,611)
At 1 January		**(161,611)**	(104,348)
Credited/(charged) to income statement:			
Property, plant and equipment		**(20,056)**	(11,287)
Property development costs		**34**	221
Land held for property development		**(76)**	-
Provisions		**(124)**	(103)
	9	**(20,222)**	(11,169)
Charged to statement of comprehensive income:			
Deferred tax on revaluation surplus on property, plant and equipment		**-**	(46,094)
At 31 December		**(181,833)**	(161,611)

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 were as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deductible temporary differences	**262**	262	**6,081**	4,995
Unused tax losses	**47,132**	47,114	**-**	-
	47,394	47,376	**6,081**	4,995
Deferred tax assets not recognised at 25% (2011: 25%)	**11,849**	11,844	**1,520**	1,249

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 2012
(continued)

19. Property, plant and equipment

Group	Note	Freehold land	Leasehold land	Freehold land (Hotel properties)	Hotel buildings (Hotel properties)	Plant and machinery (Hotel properties)	Buildings	Plant and machinery	Motor vehicles	Office furniture, fittings and equipment	Capital work-in-progress	Total
2012	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January												
At cost		53,486	1,558	-	-	-	992	11,498	7,794	304,028	42,369	421,725
At valuation		-	-	143,000	776,947	66,136	-	-	-	-	-	986,083
Acquisition of subsidiary	40A	-	-	160,000	520,838	-	-	-	-	27,077	222	708,137
Additions		103	-	-	11,687	1,449	-	20	827	13,486	46,623	74,195
Currency translation differences		-	-	-	(1,057)	(671)	-	-	(9)	(236)	-	(1,973)
Transferred from accumulated depreciation on revaluation surplus		-	-	-	-	(13,936)	-	-	-	(31,940)	-	(45,876)
Transferred to investment properties	21	-	-	-	-	-	-	-	-	-	(584)	(584)
Transferred to property development cost	20(b)	(33,773)	-	-	-	-	-	-	-	-	(438)	(34,211)
Reclassification		-	-	-	(4,908)	22	-	-	-	4,886	-	-
Write-offs		-	-	-	-	-	-	(301)	(8)	(2,264)	-	(2,573)
Disposals		-	-	-	(150)	(22)	-	-	(1,132)	(1,088)	-	(2,392)
At 31 December		19,816	1,558	303,000	1,303,357	52,978	992	11,217	7,472	313,949	88,192	2,102,531
Accumulated depreciation												
At 1 January		-	237	-	39,991	37,602	341	4,416	6,347	161,903	-	250,837
Charge for the financial year		-	16	-	24,665	5,217	20	405	715	35,232	-	66,270
Currency translation differences		-	-	-	(453)	(325)	-	-	(8)	(194)	-	(980)
Transferred to cost on revaluation surplus		-	-	-	-	(13,936)	-	-	-	(31,940)	-	(45,876)
Reclassification		-	-	-	(3,991)	1,041	-	-	-	2,950	-	-
Write-offs		-	-	-	-	-	-	(301)	(8)	(2,228)	-	(2,537)
Disposals		-	-	-	(98)	(210)	-	-	(1,054)	(842)	-	(2,204)
At 31 December		-	253	-	60,114	29,389	361	4,520	5,992	164,881	-	265,510
Accumulated impairment losses												
At 1 January		-	-	-	17,425	-	-	-	-	-	-	17,425
Reversal of impairment loss		-	-	-	(10,000)	-	-	-	-	-	-	(10,000)
At 31 December		-	-	-	7,425	-	-	-	-	-	-	7,425
Net book value												
At 31 December												
At cost		19,816	1,305	-	-	-	631	6,697	1,480	149,068	88,192	267,189
At valuation		-	-	303,000	1,235,818	23,589	-	-	-	-	-	1,562,407
		19,816	1,305	303,000	1,235,818	23,589	631	6,697	1,480	149,068	88,192	1,829,596

The reversal of impairment in property, plant and equipment is due to the improvement in the hotel performance of Earning Edge Sdn Bhd.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

19. Property, plant and equipment (continued)

Group	Freehold land	Leasehold land	Hotel properties: Freehold land	Hotel properties: Hotel buildings	Hotel properties: Plant and machinery	Buildings	Plant and machinery	Motor vehicles	Office furniture, fittings and equipment	Capital work-in-progress	Total
2011	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January											
At cost	27,695	1,558	-	-	-	23,777	11,503	7,522	310,689	20,152	402,896
At valuation	-	-	141,500	577,300	77,624	-	-	-	-	-	796,424
Surplus on revaluation	-	-	1,500	193,051	-	-	-	-	-	-	194,551
Reversal of revaluation surplus	-	-	-	(3,754)	-	-	-	-	-	-	(3,754)
Additions	25,791	-	-	3,110	2,417	-	3	234	1,666	22,217	55,438
Currency translation differences	-	-	-	788	497	-	-	6	176	-	1,467
Transferred from accumulated depreciation on revaluation surplus	-	-	-	(18,771)	(7,195)	-	-	-	-	-	(25,966)
Reclassification	-	-	-	25,223	(6,439)	(21,020)	-	156	2,080	-	-
Write-offs	-	-	-	-	-	(1,765)	(8)	(1)	(9,932)	-	(11,706)
Disposals	-	-	-	-	(768)	-	-	(123)	(651)	-	(1,542)
At 31 December	53,486	1,558	143,000	776,947	66,136	992	11,498	7,794	304,028	42,369	1,407,808
Accumulated depreciation											
At 1 January	-	221	-	40,836	41,811	872	3,929	5,671	136,083	-	229,423
Charge for the financial year	-	16	-	17,132	6,363	52	495	752	28,853	-	53,663
Currency translation differences	-	-	-	311	227	-	-	6	143	-	687
Transferred to cost on revaluation surplus	-	-	-	(18,771)	(7,195)	-	-	-	-	-	(25,966)
Reclassification	-	-	-	483	(2,845)	-	-	42	2,320	-	-
Write-offs	-	-	-	-	-	(583)	(8)	(1)	(4,900)	-	(5,492)
Disposals	-	-	-	-	(759)	-	-	(123)	(596)	-	(1,478)
At 31 December	-	237	-	39,991	37,602	341	4,416	6,347	161,903	-	250,837
Accumulated impairment losses											
At 1 January	-	-	-	21,020	-	-	-	-	-	-	21,020
Reversal of impairment loss	-	-	-	(3,595)	-	-	-	-	-	-	(3,595)
At 31 December	-	-	-	17,425	-	-	-	-	-	-	17,425
Net book value											
At 31 December											
At cost	53,486	1,321	-	-	-	651	7,082	1,447	142,125	42,369	248,481
At valuation	-	-	143,000	719,531	28,534	-	-	-	-	-	891,065
	53,486	1,321	143,000	719,531	28,534	651	7,082	1,447	142,125	42,369	1,139,546

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**
2012					
At cost					
At 1 January	**-**	**5,206**	**1,621**	**6,894**	**13,721**
Additions	**-**	**-**	**-**	**2,314**	**2,314**
Write-offs	**-**	**-**	**-**	**(8)**	**(8)**
At 31 December	**-**	**5,206**	**1,621**	**9,200**	**16,027**
Accumulated depreciation					
At 1 January	**-**	**5,206**	**1,513**	**5,126**	**11,845**
Charge for the financial year	**-**	**-**	**95**	**530**	**625**
Write-offs	**-**	**-**	**-**	**(8)**	**(8)**
At 31 December	**-**	**5,206**	**1,608**	**5,648**	**12,462**
Net book value					
At 31 December	**-**	**-**	**13**	**3,552**	**3,565**
2011					
At cost					
At 1 January	1,739	5,508	1,621	8,750	17,618
Additions	-	-	-	183	183
Disposals	-	-	-	(15)	(15)
Write-offs	(1,739)	(302)	-	(2,024)	(4,065)
At 31 December	-	5,206	1,621	6,894	13,721
Accumulated depreciation					
At 1 January	550	5,508	1,332	6,461	13,851
Charge for the financial year	35	-	181	679	895
Disposals	-	-	-	(15)	(15)
Write-offs	(585)	(302)	-	(1,999)	(2,886)
At 31 December	-	5,206	1,513	5,126	11,845
Net book value					
At 31 December	-	-	108	1,768	1,876

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

19. Property, plant and equipment (continued)

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 every five years, by external independent valuers. The following were the valuations performed on hotel properties during the 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 2011 by an independent qualified valuer, Mr Thoo Sing Choon, a member of the Institute of Surveyors, Malaysia and a registered valuer of Jordan Lee & Jaafar Sdn Bhd The valuation was arrived at by the Profits Method of Valuation to derive at the present market value of the hotel property and a combination of the Comparison Method for the land and the Cost Method of Valuation for the building as cross-check method.

Based on this valuation, the value of the hotel building was RM46,000,000, as compared to the carrying value of RM49,754,142. The resultant deficit of RM3,754,142 had been accounted for by reversing previous revaluation surplus for the same asset and adjusted to the hotel building by eliminating the accumulated depreciation of RM5,000,000.

Based on this valuation, the value of the freehold land was RM17,000,000 as compared to its carrying value of RM15,500,000. The surplus of RM1,500,000 had been credited to revaluation reserve.

(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 2011 by an independent qualified valuer, Mr Yap Kian Ann, a member of the Institute of Surveyors, Malaysia, a registered valuer of Jordan Lee & Jaafar Sdn Bhd using the Comparison and Profits Methods of Valuation to derive at the market value of the hotel building.

Based on this valuation, the value of the hotel building was RM290,000,000, as compared to its carrying value of RM101,842,608. The resultant surplus of RM188,157,392 had been credited to revaluation reserve.

(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, Mr 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 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 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 financial year ended 31 December 2010 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 RM39,065,000. 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 RM9,838,000. The resultant surplus of RM47,162,000 had been credited to revaluation surplus.

19. Property, plant and equipment (continued)

Hotel properties (continued)

(v) The hotel building and freehold land of TTD Sdn. Bhd., a subsidiary of the Company, stated at valuation was revalued during the financial year ended 31 December 2010 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 RM56,541,000, as compared to the carrying value of RM53,536,000. The resultant surplus of RM3,005,000 had been credited to revaluation reserve and adjusted to the hotel building by eliminating the accumulated depreciation of RM3,005,000.

Based on this valuation, the value of the freehold land was RM110,000,000 as compared to its carrying value of RM65,025,000. The resultant surplus of RM44,975,000 had been credited to revaluation surplus.

	Group	
	2012	**2011**
	RM'000	**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**	74,892
Buildings	**191,557**	186,885
	266,449	261,777
Net book value of assets pledged as security for borrowings (Note 17):		
Hotel properties	**43,128**	42,919
Hotel properties of a newly acquired subsidiary	**672,986**	-
	716,114	42,919

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

20. Property development activities

(a) Land held for property development

		Group		Company	
		2012	**2011**	**2012**	**2011**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January					
Freehold land, at cost		**213,925**	217,637	**6,345**	6,345
Leasehold land, at cost		**333**	25,757	**-**	-
Development costs		**101,526**	107,012	**2,693**	2,372
		315,784	350,406	**9,038**	8,717
Add:					
Costs incurred during the financial year:					
Development costs		**4,155**	9,636	**-**	321
Less Disposal:					
Freehold land		**-**	(3,712)	**-**	-
Development costs		**-**	(50)	**-**	-
		319,939	356,280	**9,038**	9,038
Less:					
Transferred to property development costs:					
Freehold land	20(b)	**(6,345)**	-	**(6,345)**	-
Leasehold land	20(b)	**-**	(25,424)	**-**	-
Development costs	20(b)	**(2,693)**	(15,072)	**(2,693)**	-
Less: Accumulated impairment losses		**(62,842)**	(72,842)	**-**	-
At 31 December		**248,059**	242,942	**-**	9,038
Land held for property development is analysed as follows:					
Freehold land, at cost		**207,580**	213,925	**-**	6,345
Leasehold land, at cost		**333**	333	**-**	-
Development costs		**102,988**	101,526	**-**	2,693
		310,901	315,784	**-**	9,038
Less: Accumulated impairment losses		**(62,842)**	(72,842)	**-**	-
At 31 December		**248,059**	242,942	**-**	9,038

The reversal of impairment in land held for property development is due to improvement in the overall property market condition in the vicinity of the land.

20. Property development activities (continued)

(b) Property development costs

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
At 1 January					
Freehold land, at cost		**96,067**	124,286	**-**	-
Leasehold land, at cost		**84,652**	58,321	**-**	-
Development costs		**66,850**	182,284	**-**	-
		247,569	364,891	**-**	-
Add: Costs incurred during the financial year:					
Leasehold land		**-**	907	**-**	-
Development costs		**61,656**	25,269	**6,029**	-
Add: Transferred from land held for property development:					
Freehold land	20(a)	**6,345**	-	**6,345**	-
Leasehold land	20(a)	**-**	25,424	**-**	-
Development costs	20(a)	**2,693**	15,072	**2,693**	-
Add: Transferred from property, plant and equipment:					
Freehold land	19	**32,090**	-	**-**	-
Development costs	19	**2,121**	-	**-**	-
Charge out of costs in respect of completed developments during the financial year:					
Freehold land		**-**	(28,219)	**-**	-
Development costs		**-**	(155,775)	**-**	-
		352,474	247,569	**15,067**	-
Less: Costs recognised to income statement in previous financial years		**(44,392)**	(220,436)	**-**	-
Less: Costs recognised to income statement in current financial year		**(73,004)**	(7,950)	**-**	-
Less: Transferred to investment properties:					
Leasehold land	21	**(2,836)**	-	**-**	-
Development costs	21	**(3,111)**	-	**-**	-
Charge out of costs recognised in income statement in respect of completed developments		**-**	183,994	**-**	-
At 31 December		**229,131**	203,177	**15,067**	-
Property development costs are analysed as follows:					
Freehold land, at cost		**134,502**	96,067	**6,345**	-
Leasehold land, at cost		**81,816**	84,652	**-**	-
Development costs		**130,209**	66,850	**8,722**	-
Accumulated costs recognised as an expense in income statement		**(117,396)**	(44,392)	**-**	-
At 31 December		**229,131**	203,177	**15,067**	-
Leasehold land at cost charged as security for borrowings (Note 17(d))		**68,922**	57,633	**-**	-

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

21. Investment properties

Group		Leasehold land	Freehold land	Buildings	Building fittings	Capital work in progress	Total
2012	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost							
At 1 January		**246,149**	**178,308**	**1,502,856**	**365,790**	**90,791**	**2,383,894**
Transferred from property development cost	20(b)	**2,836**	**-**	**-**	**-**	**3,111**	**5,947**
Transferred from property, plant and equipment	19	**-**	**-**	**-**	**-**	**584**	**584**
Reclassification		**-**	**-**	**(310)**	**310**	**-**	**-**
Additions		**-**	**-**	**16,936**	**31**	**81,574**	**98,541**
Currency translation differences		**-**	**(645)**	**(721)**	**-**	**-**	**(1,366)**
At 31 December		**248,985**	**177,663**	**1,518,761**	**366,131**	**176,060**	**2,487,600**
Accumulated depreciation							
At 1 January		**16,535**	**-**	**203,157**	**250,780**	**-**	**470,472**
Charge for the year		**3,054**	**-**	**29,748**	**19,253**	**-**	**52,055**
Currency translation differences		**-**	**-**	**(6)**	**-**	**-**	**(6)**
At 31 December		**19,589**	**-**	**232,899**	**270,033**	**-**	**522,521**
Net book value							
At 31 December		**229,396**	**177,663**	**1,285,862**	**96,098**	**176,060**	**1,965,079**
2011							
At cost							
At 1 January		102,773	107,935	1,564,231	365,488	26,920	2,167,347
Reclassification		140,987	441	(140,987)	-	(441)	-
Additions		2,389	69,932	84,952	632	64,312	222,217
Reversal of over accrual in prior year		-	-	(5,340)	(330)	-	(5,670)
At 31 December		246,149	178,308	1,502,856	365,790	90,791	2,383,894
Accumulated depreciation							
At 1 January		8,347	-	176,787	231,630	-	416,764
Reclassification		3,542	-	(3,542)	-	-	-
Charge for the financial year		4,646	-	30,194	19,249	-	54,089
Reversal of over accrual in prior year		-	-	(282)	(99)	-	(381)
At 31 December		16,535	-	203,157	250,780	-	470,472
Net book value							
At 31 December		229,614	178,308	1,299,699	115,010	90,791	1,913,422

21. Investment properties (continued)

The fair value of the investment properties above were estimated at RM6,030,434,000 (2011: RM4,535,318,000) 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 reporting date. Investment property with net book value RM423,216,000 (2011: RM433,695,000) have been charged as security for borrowings as disclosed in Note 17.

22. Long term prepaid lease

	Group	
	2012	**2011**
	RM'000	**RM'000**
At cost		
At 1 January	**6,827**	6,668
Foreign exchange difference	**(214)**	159
At 31 December	**6,613**	6,827
Accumulated amortisation		
At 1 January	**2,778**	2,482
Current year amortisation	**225**	232
Foreign exchange difference	**(93)**	64
At 31 December	**2,910**	2,778
Net book value		
At 31 December	**3,703**	4,049

23. Investments in subsidiaries

	Company	
	2012	**2011**
	RM'000	**RM'000**
At cost		
Quoted shares	**3,233,208**	858,152
Unquoted shares	**1,242,847**	966,052
	4,476,055	1,824,204
Less: Accumulated impairment losses	**(5,969)**	(5,969)
	4,470,086	1,818,235
Market value of quoted shares	**3,152,670**	2,067,769

Details of subsidiaries are set out in Note 41.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

24. Investments in associates

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost				
Unquoted shares in Malaysia	**124,135**	244,918	**13,701**	134,482
Unquoted shares outside Malaysia	**41,941**	40,788	**-**	-
	166,076	285,706	**13,701**	134,482
Group's share of revaluation surplus, net of tax	**-**	104,181	**-**	-
Group's share of post acquisition reserves less losses	**207,616**	166,459	**-**	-
	373,692	556,346	**13,701**	134,482
Less: Accumulated impairment losses	**(17,908)**	(17,908)	**(4,059)**	(4,059)
	355,784	538,438	**9,642**	130,423

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

	Group	
	2012	2011
	RM'000	**RM'000**
Revenue	**158,730**	247,901
Profit after tax	**10,418**	15,138
Non-current assets	**454,011**	461,002
Current assets	**311,760**	333,092
Current liabilities	**(218,102)**	(151,950)
Non-current liabilities	**(173,977)**	(85,798)
Net assets	**373,692**	556,346
Less: Accumulated impairment losses	**(17,908)**	(17,908)
	355,784	538,438

Details of associates are set out in Note 42.

25(A). Financial instruments by category

Group	**Financial assets at fair value through profit or loss RM'000**	**Loans and receivables at amortised cost RM'000**	**Total RM'000**
2012			
Assets as per statement of financial position:			
Financial assets at fair value through profit or loss (marketable securities)	**504**	**-**	**504**
Trade and other receivables excluding prepayments and accrued billing (including intercompany balances)	**-**	**210,787**	**210,787**
Cash held under Housing Development Accounts	**-**	**5,259**	**5,259**
Cash and bank balances (excluding cash in hand)	**-**	**2,115,445**	**2,115,445**
Total financial assets	**504**	**2,331,491**	**2,331,995**

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

25(A). Financial instruments by category (continued)

	Other financial liabilities at amortised cost
	RM'000
Liabilities as per statement of financial position:	
Borrowings	**1,696,694**
Trade and other payables excluding statutory liabilities (including intercompany balances)	**430,196**
Total financial liabilities	**2,126,890**

Group	**Financial assets at fair value through profit or loss**	**Loans and receivables at amortised cost**	**Total**
	RM'000	**RM'000**	**RM'000**
2011			
Assets as per statement of financial position:			
Financial assets at fair value through profit or loss (marketable securities)	23,771	-	23,771
Trade and other receivables excluding prepayments and accrued billing (including intercompany balances)	-	328,312	328,312
Cash held under Housing Development Accounts	-	22,271	22,271
Cash and bank balances (excluding cash in hand)	-	820,301	820,301
Total financial assets	23,771	1,170,884	1,194,655

	Other financial liabilities at amortised cost
	RM'000
Liabilities as per statement of financial position:	
Borrowings	1,105,640
Trade and other payables excluding statutory liabilities (including intercompany balances)	384,133
Total financial liabilities	1,489,773

Notes to the Financial Statements

for the financial year ended 31 December 2012
(continued)

25(A). Financial instruments by category (continued)

Company	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
2012			
Assets as per statement of financial position:			
Financial assets at fair value through profit or loss (marketable securities)	**389**	**-**	**389**
Trade and other receivables excluding prepayments (including intercompany balances)	**-**	**529,506**	**529,506**
Cash held under Housing Development Accounts	**-**	**45**	**45**
Cash and bank balances (excluding cash in hand)	**-**	**353,706**	**353,706**
Total financial assets	**389**	**883,257**	**883,646**

	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:	
Borrowings	**201,279**
Trade and other payables excluding statutory liabilities (including intercompany balances)	**59,475**
Total financial liabilities	**260,754**

Company	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
2011			
Assets as per statement of financial position:			
Financial assets at fair value through profit or loss (marketable securities)	23,771	-	23,771
Trade and other receivables excluding prepayments (including intercompany balances)	-	454,116	454,116
Cash held under Housing Development Accounts	-	10,399	10,399
Cash and bank balances (excluding cash in hand)	-	565,916	565,916
Total financial assets	23,771	1,030,431	1,054,202

	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:	
Borrowings	201,282
Trade and other payables excluding statutory liabilities (including intercompany balances)	68,872
Total financial liabilities	270,154

25(B). Credit quality of financial assets

The credit quality of trade receivables that are past due but not impaired are substantially amounts due from customers with good collection track record with the Group. Management will also continuously monitor closely the trade receivables which are past due with outstanding balances exceeding the security deposits.

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

26. Available-for-sale financial assets

	Group	
	2012	**2011**
	RM'000	**RM'000**
At cost		
Unquoted shares:		
In Malaysia	**5,632**	5,632
Outside Malaysia	**23,271**	23,271
	28,903	28,903
Less: Accumulated impairment losses	**(28,903)**	(28,903)
	-	-

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.

27. Goodwill

	Group	
	2012	**2011**
	RM'000	**RM'000**
At 1 January	**-**	-
Arising from acquisition of a subsidiary	**19,164**	-
At 31 December	**19,164**	-

During the financial year ended 31 December 2012, an amount of RM19,164,000 was recognised as goodwill arising from the acquisition of 50,000,000 ordinary shares of RM1.00 each representing 50% equity interest in Great Union Properties Sdn Bhd.

28. Inventories

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost				
Inventories of unsold properties	**60,481**	65,723	**36,138**	40,781
Hotel operating supplies	**1,980**	1,597	**-**	-
	62,461	67,320	**36,138**	40,781

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

29. Financial assets at fair value through profit or loss

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Quoted shares - held for trading:				
In Malaysia	**504**	23,771	**389**	23,771

Changes in fair values of financial assets at fair value through profit or loss are recorded in the income statement (Note 6). The fair value of equity securities is based on their current quoted prices in an active market as at 31 December 2012.

30. Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Trade receivables	**85,907**	38,319	**5,234**	442
Less: Provision for impairment	**(7,145)**	(9,961)	**-**	(383)
	78,762	28,358	**5,234**	59
Other receivables	**44,855**	157,125	**3,293**	7,131
Less: Provision for impairment	**(2,234)**	(2,234)	**(2,234)**	(2,234)
	42,621	154,891	**1,059**	4,897
Dividend receivable	**-**	-	**31,725**	24,813
Sundry deposits	**30,324**	8,873	**2,034**	3,810
	151,707	192,122	**40,052**	33,579
Accrued billings in relation to property development	**31,928**	5,984	**-**	-
Prepayments	**25,965**	20,938	**-**	-
	209,600	219,044	**40,052**	33,579

The carrying amounts of trade and other receivables as at 31 December 2012 and 31 December 2011 approximated their fair values. Credit terms of trade receivables of the Group and the Company ranged from 7 to 30 days (2011: 7 to 30 days).

As at 31 December 2012, trade receivables for the Group of RM75,977,000 (2011: RM23,698,000) and the Company of RM3,759,000 (2011 : RM59,000) 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 policies and are monitored on an on-going basis.

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Up to 3 months	**73,722**	16,581	**3,705**	5
3 to 6 months	**1,802**	7,105	**-**	-
Above 6 months	**453**	12	**54**	54
	75,977	23,698	**3,759**	59

30. Trade and other receivables (continued)

As at 31 December 2012, trade and other receivables for the Group of RM9,379,000 (2011: RM12,195,000) and the Company of RM2,234,000 (2011 : RM2,617,000) were provided for impairment. The ageing of these receivables was as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Above 6 months	**9,379**	12,195	**2,234**	2,617

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**12,195**	10,668	**2,617**	2,829
Provision for impairment of receivables	**610**	3,267	**-**	-
Receivables recovered	**(23)**	(955)	**-**	-
Receivables written off during the financial year as uncollectible	**(2,844)**	(531)	**(383)**	-
Unused amount reversed upon re-assessment of provision	**(559)**	(254)	**-**	(212)
At 31 December	**9,379**	12,195	**2,234**	2,617

The creation and reversal of provision for impairment 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 as at 31 December 2012 is the carrying value of each class of receivables mentioned above.

31. Amounts owing by/(to) subsidiaries

	Company	
	2012	**2011**
	RM'000	**RM'000**
Amounts owing by subsidiaries	**461,959**	308,031
Less: Provision for impairment	**(3,218)**	(2,064)
	458,741	305,967
Amounts owing to subsidiaries	**49,355**	57,300

The amounts owing by subsidiaries represent advances which are unsecured and are repayable on demand. The amounts owing by subsidiaries are interest free (2011: interest free) except for an amount of RM214,883,000 (2011: RM253,911,000), which carries interest at a rate of 3.75% (2011: 3.75%) per annum. The amounts owing to subsidiaries are interest free (2011: interest free).

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

31. Amounts owing by/(to) subsidiaries (continued)

The currency exposure profile of amounts owing by/(to) subsidiaries was as follows:

	Company	
	2012	2011
	RM'000	RM'000
Amounts owing by subsidiaries:		
Singapore Dollar	**75**	75
Amounts owing to subsidiaries:		
Hong Kong Dollar	**17,537**	17,548

32. Amounts owing by/(to) associates

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Amounts owing by associates	**65,522**	140,572	**37,155**	119,201
Less: Provision for impairment	**(6,442)**	(4,631)	**(6,442)**	(4,631)
	59,080	135,941	**30,713**	114,570
Amounts owing to associates	**22,487**	25,518	**-**	-

The amounts owing by/(to) associates represent advances, which are unsecured, interest free (2011: interest free) and are repayable on demand.

The currency exposure profile of amounts owing by/(to) associates was as follows:

	Group	
	2012	2011
	RM'000	RM'000
Amounts owing by associates:		
Great Britain Pound	**20,199**	19,912
Thai Baht	**295**	277
Australian Dollar	**7,801**	-
US Dollar	**7**	7
	28,302	20,196
Amounts owing to associates:		
Australian Dollar	**15,266**	15,466
Great Britain Pound	**4**	4
	15,270	15,470

33. 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 denominated in Ringgit Malaysia.

The weighted average effective interest rates of bank balances under Housing Development Accounts during the financial year were 2% per annum (2011: 2% per annum).

34. Cash and bank balances

Cash and bank balances included in the statements of cash flows comprise the following statement of financial position amounts:

Non-current assets

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	**95,000**	121,593	**95,000**	119,610
Cash and bank balances	**95,000**	121,593	**95,000**	119,610
Less: Restricted cash	**(95,000)**	(121,593)	**(95,000)**	(119,610)
Cash and cash equivalents	**-**	-	**-**	-

Deposits with licensed banks amounting to RM95,000,000 (2011: RM121,593,000) are pledged as security for a revolving credit facility (note 17(d)).

Current assets

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	**1,785,466**	610,231	**146,451**	441,365
Cash in hand	**1,927**	2,032	**7**	7
Bank balances	**234,979**	88,477	**112,255**	4,941
	2,022,372	700,740	**258,713**	446,313
The currency exposure profile of cash and bank balances was as follows:				
US Dollar	**70,247**	70,508	**70,247**	70,508
Singapore Dollar	**-**	3,142	**-**	3,142
Hong Kong Dollar	**-**	19,052	**-**	19,052
Australian Dollar	**66,917**	28,969	**66,917**	28,969
	137,164	121,671	**137,164**	121,671

Included in deposits placed with licensed banks is an amount of RM26,441,000 which is maintained as a Debt Service Reserve Account with a facility agent to cover a minimum of 6 months interest for a Syndicated Financing Facility granted to IGB REIT (note 17(a)).

Deposits with licensed banks of the Group and Company at the reporting date both have an average maturity period of 14 days (2011: 70 days) and 46 days (2011: 77 days) respectively. Bank balances are deposits held at call with banks and earn no interest.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

34. Cash and bank balances (continued)

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	% per annum	**% per annum**	**% per annum**	**% per annum**
Deposits with licensed banks:				
Ringgit Malaysia	**2.93**	3.19	**2.99**	3.27
US Dollar	**0.01**	0.16	**0.01**	0.16
Singapore Dollar	**-**	0.19	**-**	0.19
Hong Kong Dollar	**-**	0.16	**-**	0.16
Australian Dollar	**2.56**	4.31	**2.52**	4.31

35. Trade and other payables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	**79,643**	181,338	**75**	6,852
Accruals	**126,895**	77,505	**5,994**	1,525
Other payables	**75,884**	38,204	**3,012**	2,213
Deposits received from tenants	**125,287**	61,568	**1,039**	982
	407,709	358,615	**10,120**	11,572
Less: Non-current portion:				
Deposit received from tenants	**(55,178)**	(39,381)	**-**	-
Current portion	**352,531**	319,234	**10,120**	11,572

Credit term of trade payables is 30 days (2011: 30 days). Included in trade payables of the Group is retention on contract sum of RM19,675,000 (2011: RM14,514,000). The fair value of the non-current portion of deposits received from tenants at the reporting date was approximately RM55.1 million (2011: RM39.3 million)

36. Amount owing by a jointly controlled entity

	Group	
	2012	**2011**
	RM'000	**RM'000**
Amount owing by a jointly controlled entity	**-**	974
Share of loss of a jointly controlled entity	**-**	(725)
	-	249

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

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

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

	Group	
	2012	2011
	RM'000	RM'000
Current assets	-	6,320
Current liabilities	-	(6,071)
	-	249

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

	Group	
	2012	2011
	RM'000	RM'000
Contract revenue	-	2,280
Contract costs	-	(3,005)
Loss for the financial year distributed	-	(725)

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.

37. 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 four main business segments:

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

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

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

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

Inter segment revenues comprise construction work for internal projects and office rental under terms and conditions negotiated amongst the parties.

2012	Note	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue							
Total revenue		114,327	526,887	331,389	187,931	38,058	1,198,592
Intersegment revenue		-	(28,453)	(6,698)	(144,876)	(24,714)	(204,741)
External revenue		114,327	498,434	324,691	43,055	13,344	993,851
Results							
Segment results (external)		62,570	265,457	90,833	2,516	1,304	422,680
Unallocated corporate expenses		-	-	-	-	-	(38,211)
Interest income		-	-	-	-	-	31,719
Profit from operations							416,188
Finance costs		-	-	-	-	-	(69,588)
Share of results of associates		3,360	560	7,808	-	(1,310)	10,418
Gain on disposal of an associate		-	-	9,180	-	-	9,180
Profit before tax							366,198
Tax expense							(144,154)
Profit for the financial year							222,044
Other information							
Segment assets		344,899	2,111,045	1,691,169	152,307	471,771	4,771,191
Associates		89,221	21,456	206,136	-	32,820	349,633
Unallocated assets		-	-	-	-	-	1,993,383
Total assets							7,114,207
Segment liabilities		90,263	1,553,241	172,422	4,831	106,132	1,926,889
Unallocated liabilities		-	-	-	-	-	446,875
Total liabilities							2,373,764
Capital expenditure:							
Property, plant and equipment	19	2,398	1,298	55,943	37	14,519	74,195
Investment properties	21	-	98,541	-	-	-	98,541
Depreciation:							
Property, plant and equipment	19	779	5,169	59,861	170	291	66,270
Investment properties	21	-	52,055	-	-	-	52,055
Long term prepaid lease	22	-	-	225	-	-	225
Reversal of impairment loss:							
Property, plant and equipment	6	-	-	10,000	-	-	10,000
Land held for property development	6	10,000	-	-	-	-	10,000

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

2011	Note	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue							
Total revenue		23,432	484,735	234,786	89,833	36,599	869,385
Intersegment revenue		-	(19,044)	(6,410)	(47,910)	(23,892)	(97,256)
External revenue		23,432	465,691	228,376	41,923	12,707	772,129
Results							
Segment results (external)		(17,746)	252,831	80,025	(917)	4,591	318,784
Unallocated corporate expenses							(30,553)
Interest income							22,088
Profit from operations							310,319
Finance costs							(55,918)
Share of results of associates		2,181	845	12,056	-	56	15,138
Gain on disposal of an associate		-	-	87,965	-	-	87,965
Profit before tax							357,504
Tax expense							(90,655)
Profit for the financial year							266,849
Other information							
Segment assets		265,847	2,120,006	1,083,140	144,017	431,226	4,044,236
Associates		65,218	20,896	316,350	-	37,286	439,750
Jointly controlled entity		-	-	-	249	-	249
Unallocated assets		711,495	40,274	95,159	754	10,987	858,669
Total assets							5,342,904
Segment liabilities		128,763	1,023,809	40,898	1,439	94,863	1,289,772
Unallocated liabilities		-	-	-	-	-	408,555
Total liabilities							1,698,327
Capital expenditure:							
Property, plant and equipment	19	565	34,418	20,428	6	21	55,438
Investment properties	21	-	222,217	-	-	-	222,217
Depreciation:							
Property, plant and equipment	19	1,094	4,853	47,166	261	289	53,663
Investment properties	21	-	54,089	-	-	-	54,089
Long term prepaid lease	22	-	-	232	-	-	232
Reversal of impairment loss:							
Property, plant and equipment		-	-	3,595	-	-	3,595
Financial assets at fair value through profit or loss	6	355	-	-	-	-	355

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

38. Capital commitment

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

	Group	
	2012	2011
	RM'000	RM'000
Authorised by Directors and contracted:		
Investment property	**19,222**	-
Property, plant and equipment	**2,955**	-
	22,177	-
Authorised by Directors but not contracted:		
Property, plant and equipment	**82,676**	6,405

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 were carried out on terms and conditions negotiated amongst the parties.

(i) Group

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.

	2012	2011
	RM'000	RM'000
Light boxes rental, pedestrian bridge and office rental:		
Strass Media Sdn Bhd	**1,600**	1,186
Management/marketing fee income:		
Cahaya Utara Sdn Bhd	**1,347**	1,330

(ii) Company

	2012	2011
	RM'000	RM'000
Subsidiaries		
Interest charged to subsidiaries	**9,763**	8,538

39. Significant related party disclosures (continued)

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, bonus and allowance	**23,362**	19,142	**6,651**	7,511
Defined contribution plan	**2,899**	1,984	**1,171**	727
Other short term benefits	**396**	212	**106**	124
	26,657	21,338	**7,928**	8,362

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

40. Changes in Group structure

A. Acquisition of subsidiaries during the financial year

(i) Great Union Properties Sdn Bhd ("GUP")

On 23 March 2012, the Company announced to Bursa Malaysia that the Company had acquired 50,000,000 ordinary shares of RM1.00 each representing 50% equity interest in GUP making it a wholly-owned subsidiary of the Company.

Details of the net assets acquired were as follows:

	Note	Fair value of identifiable assets and liabilities acquired RM'000
Non- current assets:		
Property, plant and equipment	19	**708,137**
Other receivables		**566**
		708,703
Current assets:		
Inventories		**259**
Trade and other receivables		**10,720**
		10,979
Non-current liabilities:		
Borrowings		**40,000**
Deferred tax liabilities		**36,526**
Other payables		**432**
		76,958
Current liabilities:		
Trade and other payables		**15,584**
Advances from shareholders:		
IGB Corporation Berhad		**176,151**
New World Development Co. Ltd		**80,151**
Bank borrowings		**87,000**
Redeemable Preference Shares		**100,000**
		458,886
Net assets acquired		**183,838**

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

40. Changes in Group structure (continued)

A. Acquisition of subsidiaries during the financial year (continued)

(i) Great Union Properties Sdn Bhd ("GUP") (continued)

	Fair value of identifiable assets and liabilities acquired RM'000
Identifiable net assets acquired	**183,838**
Goodwill on acquisition	**19,164**
Purchase consideration	**203,002**

The purchase consideration can be analysed into the following:

	Group RM'000
Cash consideration:	**101,501**
Fair value of interest in GUP previously held	**101,501**
Cash outflow of the Company on acquisition	**203,002**

The goodwill of RM19,164,000 arising from the acquisition is attributable to the synergies expected to arise from the integration of GUP with the Group.

Details of cash flows arising from the acquisition were as follows:

	Group RM'000
Cash outflow of the Company on acquisition	**101,501**
Add: cash and cash equivalents of subsidiary acquired	**348**
Net cash outflow of the Company on acquisition	**101,849**

Acquisition-related costs of RM304,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2012.

The gross contractual amount for trade receivables due is RM9,491,000 which are fully performing.

The acquired business contributed revenue of RM79,298,000 and profit before tax of RM4,409,000 to the Group for the period from the date of completion of acquisition, 23 March 2012 to 31 December 2012.

Had GUP been consolidated from 1 January 2012, the consolidated income statement would show proforma revenue of RM104,813,000 and profit before tax of RM5,142,000.

(ii) On 26 March 2012, the Company announced to Bursa Malaysia that the Company had acquired the entire issued shares of Southkey Megamall Sdn Bhd and Dimensi Magnitud Sdn Bhd for cash consideration of RM2.00 each.

(iii) On 16 April 2012, the Company announced to Bursa Malaysia that the Company had acquired the entire issued shares of IGB REIT Management Sdn Bhd ("IGB REIT Management") for cash consideration of RM2.00. IGB REIT Management is used as the management company for IGB Real Estate Investment Trust ("IGB REIT").

(iv) On 28 May 2012, the Company announced to Bursa Malaysia that the Company had acquired the entire issued shares of IGB International Ventures Sdn Bhd ("IGBIV") for cash consideration of RM2.00.

40. Changes in Group structure (continued)

A. Acquisition of subsidiaries during the financial year (continued)

(v) On 18 June 2012, the Company announced to Bursa Malaysia that IGBIV had on 15 June 2012 entered into a Joint Venture Agreement with Aspire Horizon Ltd for the establishment of a joint venture through an equity participation of 58% in Wilmer Link Limited.

(vi) On 10 December 2012, the Company announced to Bursa Malaysia that the Company had on 10 December 2012 acquired a further 20% equity interest or 50,000 ordinary shares of RM1.00 each in Detik Harapan Sdn Bhd for cash consideration of RM50,000 making it a 60%-owned subsidiary of the Company.

B. Listing of IGB REIT

(i) Disposal of Mid Valley Megamall and The Gardens Mall to IGB REIT

On 20 September 2012, KrisAssets Holdings Berhad ("KrisAssets"), a subsidiary of the Company, announced to Bursa Malaysia the completion of the disposal of Mid Valley Megamall and The Gardens Mall by its subsidiary companies ("the disposal") to IGB REIT.

The total consideration for the disposal of RM4,613 million was satisfied by the issuance of 3,400 million units by IGB REIT and a cash consideration of RM1,213 million of which RM670 million was received from the Offer for Sale of 670 million units of IGB REIT under an Initial Public Offering at RM1.25 per unit. IGB REIT was listed on the Main Market of Bursa Malaysia on 21 September 2012.

The Company currently holds approximately 51% equity in IGB REIT.

(ii) Distribution-in-specie

On 19 October 2012, KrisAssets had completed the distribution-in-specie which entails the distribution of 2,730 million distribution units out of its retained earnings to the entitled shareholders. The distribution was undertaken on a pro-rata basis to all entitled shareholders based on their respective shareholdings in KrisAssets at the respective entitlement dates.

C. Voluntary strike-off during the financial year

On 10 December 2012, the Company announced to Bursa Malaysia that following an application made to the Companies Commission of Malaysia ("CCM") for the voluntary strike-off of ICDC Management Sdn Bhd ("ICDC"), a dormant wholly-owned subsidiary, CCM had in its letter dated 26 November 2012 advised that ICDC would be struck off the register and dissolved upon the expiration of 3 months from 26 November 2012 under Section 308(2) of the Companies Act 1965.

41. Subsidiaries

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2012	2011
	Abad Flora Sdn. Bhd. [1]	Property Investment	Malaysia	**100.0**	100.0
	Amandamai Dua Sdn. Bhd. [2]	Property Holding	Malaysia	**100.0**	100.0
	Amandamai Satu Sdn. Bhd. [3]	Property Development	Malaysia	**100.0**	100.0
	Angkasa Gagah Sdn. Bhd. [4]	Property Development	Malaysia	**100.0**	100.0
*	Asian Equity Limited [5]	Investment Holding	British Virgin Islands	**55.0**	55.0
	Atar Deras Sdn. Bhd. [6]	Property Development	Malaysia	**100.0**	100.0
*	Auspicious Prospects Ltd. [7]	Investment Holding	Liberia	**100.0**	100.0
	Belimbing Hills Sdn. Bhd. [8]	Property Development	Malaysia	**100.0**	100.0
*	Beswell Limited [9]	Investment Holding	Hong Kong	**100.0**	100.0
	Bintang Buana Sdn. Bhd. [10]	Property Development	Malaysia	**90.0**	90.0
	Central Review (M) Sdn. Bhd. [11]	Hotelier	Malaysia	**100.0**	100.0

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

41. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2012	2011
	Cipta Klasik (M) Sdn. Bhd. [12]	Property Development	Malaysia	**100.0**	100.0
	Cititel Hotel Management Sdn. Bhd.	Provision of Hotel Management Services	Malaysia	**60.0**	60.0
*	Cititel Hotels Pty Ltd [13]	Investment Holding	Australia	**100.0**	100.0
	Corpool Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Danau Bidara (M) Sdn. Bhd. [14]	Property Holding	Malaysia	**100.0**	100.0
	Detik Harapan Sdn Bhd	Operator of Educational Institutions	Malaysia	**60.0**	40.0
	Dian Rezki Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Dimensi Magnitud Sdn Bhd	Property Investment	Malaysia	**100.0**	0.0
	Earning Edge Sdn. Bhd. [15]	Investment Holding	Malaysia	**65.0**	65.0
	Ensignia Construction Sdn. Bhd.	Investment Holding and Construction	Malaysia	**100.0**	100.0
*	Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	**100.0**	100.0
	Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	**100.0**	50.0
	Harta Villa Sdn. Bhd. [16]	Property Development	Malaysia	**100.0**	100.0
	ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	ICDC Management Sdn. Bhd. [17] *(Under application for strike-off)*	Property Management	Malaysia	**100.0**	100.0
	Idaman Spektra Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
	IGB International School Sdn Bhd	Property Investment	Malaysia	**100.0**	100.0
	IGB International Ventures Sdn Bhd	Investment Holding	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
	IGB REIT Management Sdn Bhd	Management of real estate investment trust	Malaysia	**100.0**	0.0
	IGB Real Estate Investment Trust	Real Estate Investment Trust	Malaysia	**51.0**	0.0
	Innovation & Concept Development Co. Sdn Bhd. [18]	Property Development	Malaysia	**100.0**	100.0
	Intercontinental Aviation Services Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	IST Building Products Sdn Bhd	Trading of Building Materials	Malaysia	**100.0**	100.0
	IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Kemas Muhibbah Sdn. Bhd. [19]	Property Development	Malaysia	**100.0**	100.0
	KennyVale Sdn. Bhd. [20]	Property Development	Malaysia	**100.0**	100.0
	Kondoservis Sdn. Bhd. [21]	Provision of Management Services to Condominiums	Malaysia	**100.0**	100.0
	KrisAssets Holdings Berhad	Investment Holding	Malaysia	**63.5**	75.1
	Lagenda Sutera (M) Sdn. Bhd. [22]	Hotelier	Malaysia	**100.0**	100.0
*	Lingame Company Limited	Investment Holding	Hong Kong	**100.0**	100.0
*	MiCasa Hotel Limited [23]	Hotelier	Myanmar	**65.0**	65.0
	Mid Valley Capital Sdn Bhd [24]	Special Purpose Vehicle for Issuance of Bonds	Malaysia	**63.5**	75.1
	Mid Valley City Sdn. Bhd. [25]	Service Provider for IGB REIT	Malaysia	**63.5**	75.1

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

41. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2012	2011
	Mid Valley City Developments Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Mid Valley City Energy Sdn Bhd	Distribution of Utilities	Malaysia	**100.0**	100.0
	Mid Valley City Enterprise Sdn.Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Mid Valley City Gardens Sdn Bhd [26]	Service Provider for IGB REIT	Malaysia	**63.5**	75.1
	Mid Valley City Hotels Sdn Bhd	Hotelier	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 [27]	Provision of building and maintenance services	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	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 [28]	Property Development	Malaysia	**100.0**	100.0
	OPT Ventures Sdn. Bhd. [29]	Property Development	Malaysia	**70.0**	70.0
	Outline Avenue (M) Sdn. Bhd. [30]	Property Development	Malaysia	**89.6**	89.6
	Pacific Land Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
*	Pacific Land Pte Ltd[31]	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.	Dormant	Malaysia	**100.0**	100.0
	Permata Efektif (M) Sdn. Bhd. [32]	Property Development	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.	Investment Holding	Malaysia	**100.0**	100.0
	Rapid Alpha Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Reka Handal Sdn. Bhd. [33]	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
	Southkey Megamall Sdn Bhd	Property Investment & Development	Malaysia	**100.0**	0.0
	St Giles Hotels (Asia) Limited [34]	Provision of Hotel Management Services	Labuan	**60.0**	60.0
	Tanah Permata Sdn. Bhd. [35]	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

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

41. Subsidiaries (continued)

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2012	2011
Tan & Tan Realty Sdn. Bhd. [36]	Property Investment and Provision of Related Services and Operating of Food Court	Malaysia	**80.0**	80.0
TTD Sdn. Bhd. [37]	Hotelier	Malaysia	**100.0**	100.0
Verokey Sdn Bhd	Dormant	Malaysia	**100.0**	100.0
Wilmer Link Limited [38]	Dormant	British Virgin Islands	**58.0**	0.0
X-Speed Sdn. Bhd.	Dormant	Malaysia	**100.0**	100.0

Notes:

1-4, 6, 8, 10-12, 14, 16, 20, 21, 28-30, 32-33, 36-37	*- Held by Tan & Tan Developments Berhad.*
5	*- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 35.0% and 20.0% respectively.*
7	*- Held by Lingame Company Limited.*
9, 13, 22, 31, 35	*- Held by Pacific Land Sdn. Bhd.*
15	*- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.*
17, 18	*- Held by ICDC Holdings Sdn. Bhd.*
19	*- Held by IGB Project Management Services Sdn. Bhd.*
23	*- Held by Earning Edge Sdn. Bhd.*
24, 25, 26	*- Held by KrisAssets Holdings Berhad*
27	*- Held by Mid Valley City Developments Sdn. Bhd.*
34	*- Held by Cititel Hotel Management Sdn. Bhd*
38	*- Held by IGB International Ventures Sdn Bhd*

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

42. Associates

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2012	2011
*	Aroma Laundry and Dry Cleaners Sdn. Bhd. [1] *(Under members' voluntary liquidation)*	Provision of Laundry and Dry Cleaning Services	Malaysia	**20.0**	20.0
*	DMV Sdn Bhd [2]	Property Development	Malaysia	**39.0**	39.0
*	Fawkner Centre Pty Ltd [3]	Property Investment	Australia	**39.0**	0.0
	Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [4]	Development and Investment in Medical Centres	Malaysia	**30.0**	30.0
	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
	Johan Kekal Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
	Kumpulan Sierramas (M) Sdn.Bhd. [7]	Property Development	Malaysia	**50.0**	50.0
	Kundang Properties Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
*	Kyami Pty. Ltd. [8]	Investment Holding	Australia	**40.0**	40.0
*	Merchant Firm Limited [9]	Investment Holding	British Virgin Islands	**49.5**	49.5
*	New Commercial Investments Limited [10]	Investment Holding	British Virgin Islands	**49.6**	49.6
	Orion Corridor Sdn Bhd [11]	Dormant	Malaysia	**24.8**	24.8
*	Pacific Land Company Limited [12]	Investment Holding	Thailand	**50.0**	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

42. Associates (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2012	2011
*	Sierramas Landscape Services Sdn Bhd [15]	Landscaping and Horticulture	Malaysia	**50.0**	50.0
*	St Giles Hotel Limited. [16]	Hotels and Motels with Restaurants	United Kingdom	**49.5**	49.5
*	St Giles Hotel LLC [17]	Hotelier	United States of America	**49.5**	49.5
*	St Giles Hotel (Heathrow) Limited. [18]	Hotels and Motels with Restaurants	United Kingdom	**49.6**	49.6
*	St Giles Hotel (Manila) Inc [19]	Hotelier	Philippines	**49.5**	49.5
*	Technoltic Engineering Sdn Bhd	Servicing, Maintenance and Installation of Elevators	Malaysia	**40.0**	40.0
*	Tentang Emas Sdn. Bhd. [20]	Investment Holding	Malaysia	**49.0**	49.0

Notes:

1, 3, 4, 5, 6, 7, 8, 13, 20 - Held by Tan & Tan Developments Berhad.
2 - Held by Tan & Tan Developments Berhad and IGB Corporation Berhad 26% and 13% respectively.
12 - Held by Pacific Land Sdn. Bhd.
9 - Held by Ravencroft Investments Incorporated
10 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.
11, 19 - Held by Merchant Firm Limited
14, 16 - Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd. 27.72%, 7.65% and 14.10% respectively.
15 - Held by Kumpulan Sierramas (M) Sdn. Bhd.
17 - Held by St Giles Hotel Limited
18 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.53% and 18.02% respectively.

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

43. Cash and cash equivalents

		Group		Company	
		2012	**2011**	**2012**	**2011**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash in hand	34	**1,927**	2,032	**7**	7
Bank balances	34	**234,979**	88,477	**112,255**	4,941
Deposit with licensed banks	34	**1,785,466**	610,231	**146,451**	441,365
Cash held under Housing Development Accounts	33	**5,259**	22,271	**45**	10,399
		2,027,631	723,011	**258,758**	456,712
Less: Restricted cash	34	**(26,441)**	(17,790)	**-**	-
		2,001,190	705,221	**258,758**	456,712

44. Event after the reporting date

On 3 January 2013, KrisAssets Holdings Berhad announced that a total cash distribution of RM2.60 per ordinary share vide the Capital Reduction and Repayment comprising RM2.452 per ordinary share together with a special dividend of RM0.148 per ordinary share would be paid on 6 February 2013.

45. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 26 April 2013.

Notes to the Financial Statements
for the financial year ended 31 December 2012
(continued)

46. 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		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained profits:				
Realised	**2,876,735**	1,958,260	**4,167,015**	1,708,804
Unrealised	**(197,281)**	(183,556)	**(10,815)**	(26,339)
	2,679,454	1,774,704	**4,156,200**	1,682,465
Total retained profits of associates:				
Realised	**230,325**	204,062	**-**	-
Unrealised	**3,339**	6,919	**-**	-
	233,664	210,981	**-**	-
Less: Consolidation adjustments	**(280,650)**	(280,461)	**-**	-
Total retained profits	**2,632,468**	1,705,224	**4,156,200**	1,682,465

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 35 to 105 are drawn up in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2012 and of the results and cash flows of the Group and Company for the financial year ended on that date.

The information set out in Note 46 on page 106 has been 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.

Signed in accordance with a resolution of the Directors dated 26 April 2013.

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 35 to 106 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 26 April 2013.

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, on pages 35 to 105, which comprise the statements of financial position as at 31 December 2012 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 in notes 1 to 45.

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 the Financial Reporting Standards in Malaysia 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 the Financial Reporting Standards in Malaysia 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 2012 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 41 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) Our 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 46 on page 106 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 dated 20 December 2011 ("Bursa Directive"). 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

SOO HOO KHOON YEAN
(No. 2682/10/13 (J))
Chartered Accountant

Kuala Lumpur
26 April 2013

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IGB Corporation Berhad (5745-A)

PROXY FORM

CDS Account No.

**CDS Account No. of Authorised Nominee

Number of Shares Held

*I/We (full name) ____

Identification/Company No. ____________________ of (address) ______________________

____

being a member of IGB Corporation Berhad ("IGB") hereby appoint (see note b):

1. ______________________ Identification No. ____________________ or failing him/her,

2. ______________________ Identification No. ____________________ or failing him/her,

or *failing him/her, *the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 49th AGM of IGB to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Lingkaran Syed Putra, 59200 Kuala Lumpur on Thursday, 30 May 2013 at 3.00 p.m. or at any adjournment thereof, in the manner indicated below:

No.	Resolutions	In favour	Against	Abstain
1	Re-election of Robert Tan Chung Meng			
2	Re-election of Tony Tan @ Choon Keat			
3	Re-election of Tan Kai Seng			
4	Re-appointment of PricewaterhouseCoopers as Auditors			
5	Re-appointment of Tan Sri Abu Talib bin Othman			
6	Renewal of Section 132D Mandate			
7	Renewal of Share Buy-Back Mandate			
8	Renewal and New RRPT Mandate			

Please indicate with an "x" in the spaces above how you wish your votes to be cast.

Dated this ______________ day of ________________ 2013

____
Signature of Member/
Common seal of Corporate Shareholder

* Strike out whichever is not applicable
** Applicable to shares through a nominee account

Notes:

(a) Only shareholders whose names appear in the Record of Depositors as at 23 May 2013 are entitled to attend the 49th AGM or appoint a proxy to attend and vote on his/her behalf.
(b) A shareholder is entitled to appoint not more than 2 proxies to participate in, and speak at and vote at, the 49th AGM on behalf of the shareholder. The proxy need not be a shareholder of IGB.
(c) A shareholder, who is an exempt authorised nominee which holds shares in IGB for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
(d) A member who appoints a proxy must execute the proxy form, and if 2 proxies are appointed, the number of shares to be represented by each proxy must be clearly indicated.
(e) A corporate member who appoints a proxy must execute the proxy form under seal or the hand of its officer or attorney duly authorised.
(f) The executed proxy form must be deposited at the Registered Office not less than 48 hours before the time of 49th AGM.
(g) The Annual Report 2012 and proxy form can be accessed at www.igbcorp.com
(h) The Company shall be entitled to reject the proxy form if it is incomplete, improperly completed or illegible or where the true indications of the appointer are not ascertainable from the instructions of the appointer specified in the proxy form.

Fold this flap for sealing

Fold along this line (2)

PROXY FORM

AFFIX
RM0.60
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

Fold along this line (1)