IGB Corporation Berhad (5745-A)

2009 annual report

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Sixth Annual General Meeting ('46th 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 Wednesday, 26 May 2010 at 3.00 p.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2009 and Reports of the Directors and Auditors thereon. (Resolution 1)

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

   (a) Tan Lei Cheng (Resolution 2)
   (b) Tan Boon Lee (Resolution 3)
   (c) Tony Tan @ Choon Keat (Resolution 4)
   (d) Tan Kai Seng (Resolution 5)

3. To re-appoint Messrs. PricewaterhouseCoopers as auditors for the financial year ending 31 December 2010 and to authorise the Directors to fix their remuneration. (Resolution 6)

4. To approve Directors' fees of RM340,000 per annum. (Resolution 7)

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, who is over the age of seventy years, be re-appointed a Director of the Company to hold office until the conclusion of the next annual general meeting." (Resolution 8)

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 Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next annual general meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being." (Resolution 9)

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

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

   (i) the aggregate number of shares purchased pursuant to the Share Buy-Back Mandate shall not exceed 10% of the total issued and paid-up share capital of the Company;
   (ii) the amount of funds to be allocated by the Company pursuant to the Share Buy-Back Mandate shall not exceed the retained earnings and/or share premium of the Company as at 31 December 2009; 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 such authority shall commence immediately upon passing of this resolution, until the conclusion of the next annual general meeting of the Company or the expiry of the period within which the next annual general meeting is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act), at which time the resolution shall lapse, or until the authority is revoked or varied by a resolution passed by shareholders in a general meeting, whichever occurs first;

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

Notice of Annual General Meeting (continued)

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

"THAT the Company and/or its subsidiaries ('the Group') be and is/are hereby authorised to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ('Related Parties') as specified in Section 2.2.1 of the Statement/Circular to Shareholders dated 30 April 2010, 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 Related Parties than those generally available to the public; and
(iv) not detrimental to minority shareholders

('RRPT Mandate');

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

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

By Order of the Board

Tina Chan
MAICSA 7001659
Company Secretary

Kuala Lumpur
30 April 2010

Notes:

(1) Appointment of proxy

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

(2) Registration of members/proxies

Registration of members/proxies attending the 46th AGM will start at 1.00 pm. Members/proxies are required to produce identification documents for registration.

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

The particulars of all Directors including those seeking re-election/re-appointment (Resolutions 2, 3, 4, 5 and 8) and their securities holdings in the Company and related corporation are set out in IGB Annual Report 2009.

(4) Special Business

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

The re-appointment of Tan Sri Abu Talib bin Othman, who is over the age of 70 years as a Director of the Company to hold office until the conclusion of the next annual general meeting of the Company shall take effect if Resolution 8 has been passed by a majority of not less than ¾ of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last AGM held on 27 May 2009 ('45th AGM') and which will lapse at the conclusion of the 46th AGM. Resolution 9, if approved, will renew the authorisation obtained at the 45th AGM, pursuant to Section 132D of the Act, for issuance of up to 10% of the issued share capital of the Company for any strategic acquisition opportunities involving equity or part equity or such purposes as the Directors consider to be in the interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. The authorisation, unless revoked or varied at a general meeting, will expire at the next AGM.

Notice of Annual General Meeting (continued)

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

Resolution 10, if approved, will empower the Directors to purchase IGB shares through Bursa Securities up to 10% of the issued and paid-up share capital of the Company. The authorisation, unless revoked or varied at a general meeting, will expire at the next AGM.

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

Resolution 11, if approved, will allow the Group to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations. The authorisation, unless revoked or varied at a general meeting, will expire at the next AGM.

Detailed information on the renewal of shareholders' mandate for share buy-back and recurrent related party transactions is set out in the Statement/Circular to Shareholders dated 30 April 2010, which is circulated together with IGB Annual Report 2009.

Corporate Information

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Tan Sri Abu Talib bin Othman

Managing Director
Robert Tan Chung Meng

Executive Directors
Tan Boon Seng
Tan Boon Lee

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

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

Alternate to Managing Director
Chua Seng Yong

COMPANY SECRETARY
Tina Chan Lai Yin

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

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

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

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

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

Profile of Directors

TAN SRI ABU TALIB BIN OTHMAN

Tan Sri Abu Talib, aged 71, is an Independent Non-Executive Chairman of IGB. He joined the Board on 18 July 1995 and was appointed Chairman on 30 May 2001. He is also the Chairman of the Nomination and Remuneration Committees.

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

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

ROBERT TAN CHUNG MENG

Mr Robert Tan, aged 57, was appointed Joint Managing Director of IGB on 18 December 1995 and subsequently re-designated as Managing Director on 30 May 2001. He is also a member of the Exco, Remuneration, Risk Management and Share & ESOS Committees.

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

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

TAN BOON SENG

Mr Tan Boon Seng, aged 54, joined IGB in 1980 as General Manager. He was appointed to the Board on 20 December 1990, Managing Director in 1991, re-designated to Joint Managing Director in 1995, and subsequently re-designated as Executive Director on 30 May 2001. He is the Chairman of Exco, and a member of Risk Management and Share & ESOS Committees.

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

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

TAN BOON LEE

Mr Tan Boon Lee, aged 46, joined the Board of IGB on 10 June 2003 as an Executive Director. He is also a member of the Exco, Risk Management and Share & ESOS Committees.

He holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 22 years experience in the property and hotel industry, providing management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He was President of the Malaysian Association of Hotel Owners ('MAHO') from 2002 to 2004.

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

TAN SRI DATO' SERI KHALID AHMAD BIN SULAIMAN

Tan Sri Dato' Seri Khalid Ahmad, aged 74, is the Senior Independent Non-Executive Director. He was appointed to the Board on 18 June 1982. He is the Chairman of the Audit Committee, and a member of Nomination Committee.

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

Tan Sri Dato' Seri Khalid Ahmad, retiring pursuant to Section 129(2) of the Act, does not offer himself for re-appointment, and he shall cease to be a Director, Chairman of the Audit Committee and a member of the Nomination Committee of IGB at the conclusion of the 46th AGM.

Profile of Directors (continued)

TAN LEI CHENG

Mdm Tan Lei Cheng, aged 53, is a Non-Independent Non-Executive Director. She was appointed to the Board on 10 June 2003.

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

She has 28 years of experience in the property industry and the corporate sector. She was the CEO of Tan & Tan from March 1995, a property development company that was listed on Bursa Securities until Goldis took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan and Goldis. She is presently the Executive Chairman and CEO of Goldis. She also sits on the Boards of Kris, Tan & Tan and Macro Kiosk Berhad. She is a member of the World Presidents' Organisation, Malaysia Chapter and a board member of Kuala Lumpur Business Club Advisory Council.

PAULINE TAN SUAT MING

Mdm Pauline Tan, aged 64, is a Non-Independent Non-Executive Director. She was appointed to the Board on 10 June 2003. She is also a member of the Exco, Risk Management and Nomination Committees.

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

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

TONY TAN @ CHOON KEAT

Mr Tony Tan, aged 61, is a Non-Independent Non-Executive Director. He was appointed to the Board on 15 July 2003 and is a member of the Audit Committee.

He holds a Bachelor of Chemical Engineering from the University of Surrey, England and a Masters in Business Administration from the University of California, Berkeley, USA. He was the founding Managing Director of Parkway Holdings Limited, Singapore until 2000 and Deputy Chairman until his retirement in 2005. He is the Chairman of Island Hospital Sdn Bhd and an Executive Director of Napier Properties Pte Ltd.

TAN KAI SENG

Mr Tan Kai Seng, aged 58, is an Independent Non-Executive Director. He was appointed to the Board on 15 July 2003 and is a member of the Audit Committee.

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

YEOH CHONG SWEE

Mr Yeoh Chong Swee, aged 66, is an Independent Non-Executive Director. He was appointed to the Board on 1 June 2004, and is a member of the Audit and Remuneration Committees.

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

DATUK ABDUL HABIB BIN MANSUR

Datuk Abdul Habib, aged 66, is a Non-Independent Non-Executive Director. He was appointed to the Board on 13 June 2003, and represents Permodalan Nasional Berhad, a shareholder of IGB.

He holds a Bachelor of Arts (Honours) from the University of Malaya, Malaysia, an Advanced Diploma in Development Administration from the University of Manchester, England and a Masters in Public Policy and Administration from the University of Wisconsin, USA. He has 32 years of experience in both the State and Federal levels of administration when he joined the Administrative and Diplomatic Service. His last posting was the State Secretary of Perak from 1995 to 1999 before he retired.

Profile of Directors (continued)

CHUA SENG YONG

Mr Chua Seng Yong, aged 47, is the Executive Assistant to the Managing Director. He joined IGB as Financial Controller in 1994 and has more than 25 years experience in the property and hotel industry. He was appointed the alternate Director to the Managing Director on 30 November 1999.

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

Notes:

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

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year ended 31 December 2009.

FINANCIAL RESULTS

For the year under review, the Group registered revenue of RM642.4 million, down 7% from RM688.2 million in 2008. Pre-tax profit at RM221.5 million was 6% up from RM208.4 million for the same period last year. Revenue contribution by the operating divisions was Property Investment and Management, RM391.6 million; Hotel, RM155.2 million; Property Development, RM85.6 million; and Investment, RM10.1 million.

DIVIDEND

An interim dividend of 5% less tax for financial year ended 31 December 2009 was paid on 15 April 2010.

OPERATIONAL HIGHLIGHTS

2009 has been a challenging year both for the industry and the Group as a result of economic downturn. Considering the 2009 economic landscape, I am very happy to report that all operating divisions performed commendably. For Property Development, Laman Sierramas West was sold-out on its re-launch while the Garden Manor, comprising 41 units of three and four-storey villas, received a similar reception at its exclusive previews.

Despite a sluggish retail outlook, Mid Valley Megamall's ('Megamall') 10th year of operation continued to chalk up growing visitor numbers. The ongoing introduction of many new brands also reinforced its popularity as a lifestyle destination for locals and tourists alike.

The Megamall became the only centre in Asia to receive a Gold Award, for Visual Merchandising, at the International Council of Shopping Centers' 38th annual MAXI Awards while at home, it took the Malaysia Mega Sale Carnival Awards 2009 and the Malaysia Year End Sale Awards 2009 for Best Promotions and Events (Central Business District). Over at The Gardens Mall, strong branding campaigns and partner/tenant promotions, and the launch of The Gardens Club, a loyalty programme, saw a 30% increase in visitor numbers and tenants' sales receipts from the previous year.

It was a busy year for the Hotel division as The Gardens Hotel and the Cititel Express Kota Kinabalu realised full operation and The Gardens Residences and 5-star MiCasa All-Suite Hotel, partial opening. Cititel Mid Valley garnered honours in the Ministry of Tourism Malaysia's 2008/09 Tourism Awards for the best 3-star hotel in Malaysia. On schedule for completion and opening in the new financial year is St Giles Makati in Manila, the Philippines while project mobilisation for St Giles Hotel and Cititel Express Penang is poised to commence in mid 2010.

A strong recurring income portfolio and near-100% tenanted properties under its management saw Property Investment & Management turn in revenues in excess of RM90 million. The designation of The Gardens North and South Towers as a MSC Malaysia Cybercentre bodes well for attracting more ICT companies to consider locating their operation in a central and vibrant multi-faceted development that is conducive for work, residence and recreation.

PROSPECTS

We anticipate activities in some divisions to continue picking-up in the near term. The Mid Valley City Phase 3, which had been put on hold in 2009, has been re-planned as a commercial development and is set to proceed once all the relevant approvals are obtained. We also remain confident the continual implementation of well-conceptualised and strategically planned A&P programmes will bring increased footfall and patronage to the Megamall and The Gardens Mall. The coming on-stream of several hotel properties this year (2010) will see our overall rooms inventory increase to 5,900 with 4,400 under our management. At the same time, we will cautiously pursue opportunities to invest in hotel ventures in other Southeast Asian countries and in Australia.

THANKS & APPRECIATION

Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman is due to retire this year and will not be offering himself for re-appointment. Tan Sri Dato' Seri Khalid Ahmad has been a member of the IGB Board of Directors since 18 June 1982. On behalf of the Board, I wish to express our sincere appreciation and gratitude to Tan Sri Dato' Seri Khalid Ahmad, for his invaluable contribution and services to the Group and we wish him all the best on his retirement.

Chairman's Statement (continued)

ACKNOWLEDGEMENT

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

TAN SRI ABU TALIB BIN OTHMAN
Chairman

Managing Director's Review of Operations

Dear Shareholders,

Financial year ended 31 December 2009 saw Group revenue and pre-tax profit at RM642.4 million and RM221.5 million, down 7% and up 6% respectively from the previous year's RM688.2 million and RM208.4 million.

PROPERTY DEVELOPMENT

The division's contribution to Group turnover was RM85.6 million or 52% lower than the previous year. Segment results before finance costs and tax were significantly higher at RM33.3 million. This is mainly attributable to provisions for impairment of certain properties during the previous year but which were not required in the current financial year.

During the year in review, Laman Sierramas West was successfully re-launched with all 47 tropical courtyard terraces and two semi-detached homes sold. Equally well-received during its first exclusive preview days was the Garden Manor's 41 units of three and four-storey gated and guarded strata villas. Following the handing over of U-Thant Residences, the 77-unit low-rise development has established itself as the preferred address amongst the diplomatic community in the Ampang U-Thant neighbourhood.

IGB was again honoured in The Edge's Top Ten Property Developers Awards 2009, the seventh consecutive year the Group's achievements in the industry have been acknowledged.

RETAIL

KrisAssets Holdings Berhad registered a 56.5% increase in consolidated pre-tax profit of RM180.6 million on the back of a 5.2% growth in turnover of RM227.9 million.

In its 10th year, Mid Valley Megamall remained a popular lifestyle destination for shoppers and tourists recording over 30 million visitors. Arriving via the Mid Valley KTM Komuter station was approximately 4.1 million commuters; up an astounding 86% from 2.2 million in the previous year, while traffic for the complimentary shuttle services grew 16% to 580,000 commuters. Occupancy was 100% with 156 tenancies renewed and 41 new tenants secured. The latter included Charles & Keith, Krispy Kreme Doughnuts & Coffee, Pumpkin Patch, Swarovski and Tissot as well as local brands opening their first outlet in Malaysia such as CHALA-moda Espanola, Fabulous Tan, Ice Dress me, Just Curtain, Logitech, SILKYGIRL and The Spaghetti Farm. A major facelift for the Megamall's North Court's First Floor was also completed, adding eight new outlets and a new access that links Northpoint and the Megamall. In addition, the Megamall received recognition for its versatile marketing and merchandising concepts with the receipt of the 2009 MAXI Gold Award for Visual Merchandising for its Hari Raya Aidilfitri 2008 promotion themed 'Cherish the Good Old Days in a Brand New Way' at the 38th annual MAXI Awards organised by the International Council of Shopping Centers, Inc. (ICSC), the global trade association for the shopping centre industry, to recognise excellence in shopping centre marketing. On the home front, the Megamall won two awards for Best Promotions and Events (Central Business District Category) - the Malaysia Mega Sale Carnival Awards 2009 and the Malaysia Year End Sales Awards 2009 for its Christmas presentation.

The Gardens Mall also managed to weather the challenging economic conditions and H1N1 outbreak. Visitor numbers and tenants' sales figures increased by almost 30% from 2008, supported by strong branding campaigns and the introduction of a loyalty programme, The Gardens Club, which has garnered the mall a strong customer base among the middle to upper income segment. The tenancy mix continued to strengthen with the entry of new brands such as Austin Chase Coffee, Culti, Delectable by Su, Ying Ker Lou and Zouk Café Bar. Exciting A&P campaigns to celebrate the different festivals and activities such as Fashion Week, Sports Week and IT Fair promotions proved to be crowd-pullers with average spend per customer growing by approximately 30% during these occasions. The Gardens Mall's partnership with HSBC Bank also proved successful in broadening the profile of shoppers with promotions to encourage HSBC cardholders to visit the mall for exclusive offers.

HOTEL

Despite the challenging year, the Hotel division turned in a satisfactory performance due to proactive operational and marketing plans implemented during the year. The Gardens Hotel is now operating with a full inventory of 448 rooms whilst The Gardens Residences has opened 151 one and two-bedroom suites. The remaining 28 suites are expected to be completed by end 2010. For the 275-room Cititel Express Kota Kinabalu, 150 rooms were available when it opened on August 18, 2009, officiated by the Chief Minister of Sabah, Datuk Seri Musa Aman. The remaining 95 rooms came on stream in December 2009. On December 9, the 5-star MiCasa All-Suite Hotel in Kuala Lumpur reopened after a 20-month renovation programme. Of the total 242 units, 167 are available for occupancy whilst the balance were completed in early March 2010. The 512-room St Giles Makati in Manila, the Philippines, is slated to soft-open in mid-2010 and be fully operational by September. Meanwhile, the St Giles Hotel/Cititel Express Penang received its development order from the local council in November 2009. Project mobilisation is scheduled to start in mid 2010. Last but not the least, the Cititel Mid Valley was the proud recipient of the best 3-star hotel in Malaysia in the Ministry of Tourism Malaysia's 2008/2009 Tourism Awards.

Managing Director's Review of Operations (continued)

PROPERTY INVESTMENT & MANAGEMENT

Contribution from Property Investment & Management exceeded RM90.0 million for the year in review, compared against the previous year's revenue of approximately RM60.0 million. Despite a subdued market environment and strong competition from new office buildings, the division managed to record an average occupancy rate of above 90% for most properties under its management. The Gardens North Tower achieved an encouraging 60% committed tenancy from leading multinational and local corporations. On November 25, 2009, Mid Valley City MSC One-Stop Centre was officially launched with the aim of encouraging existing MSC companies to take up space in the Gardens office towers. MSC tenants were invited to showcase their products and services at the opening ceremony officiated by Datuk Badlisham Ghazali, CEO of the Malaysia Multimedia Development Corporation (MDeC).

CONSTRUCTION

Reflecting the bearish economy, construction activities slowed for the year in review, with the division reporting revenue of RM84.7 million, down 45.2% from the RM154.6 million a year earlier. Three projects completed during the year were U-Thant Residences on Jalan Taman U-Thant, The Gardens Hotel and G-Six Club at Mid Valley City, Kuala Lumpur. On-going major projects include Mid Valley City's The Gardens Residences and the refurbishment of Menara Tan & Tan on Jalan Tun Razak, Kuala Lumpur.

CORPORATE SOCIAL RESPONSIBILITY ('CSR')

The economic slowdown did not deter the Group from assisting and encouraging more bright students from underprivileged families to achieve their dreams of obtaining a university degree. Through the IGB Corporation Berhad and Dato Tan Chin Nam Foundation Scholarship Programme, five full scholarships and cash grants were disbursed. In the meantime, senior management continued to mentor the scholars, providing guidance, counseling and support throughout the course of their tertiary education and after they embark on their career. The year also saw 14 scholars graduate from the programme. Of these, some are now sharing their talent and skills in companies within the IGB Group following permanent job placement.

Kicking off the Megamall's CSR calendar was a Chinese New Year 2009 celebration for 25 senior citizens from the Salak South Bharu Ti-Ratana Welfare Society to welcome the year of the Ox. The elderly guests were pampered with a host of relaxing activities; from body massage and getting their hair styled, to a Chinese New Year 'loh sang' ('mixing for prosperity') lunch. For Hari Raya Aidilfitri, 51 children from Pusat Pertuturan KIU, Pertubuhan Rahoma Darul Fakir Malaysia and Persatuan Ibu Tunggal PPR Jelatik were treated to an outing and 'berbuka puasa' ('breaking of fast') by the Megamall, Boulevard Hotel Mid Valley and Cititel Mid Valley. Both the Chinese New Year and Hari Raya Aidilfitri feasts were jointly sponsored by the hotels and tenants of the Megamall. Closing the year was the annual Christmas charity outing and 'Come-Meet-Santa' fund raising programme with children from The Stepping Stones Living Centre in Taman Seputeh, Kuala Lumpur, the beneficiary of this effort.

For The Gardens Mall, breast cancer was the platform for an awareness campaign with media partners and tenants including Harper's Bazaar and Estee Lauder.

THE YEAR AHEAD

The overall economic landscape of 2009, compounded by the H1N1 outbreak, saw a softening in the IGB Group's business activities. Despite a rather flat performance across the board, the various divisions have held up and remain resilient. The Mid Valley City Phase 3, which was put on hold in 2009, has been re-planned as a commercial development and will proceed upon receipt of the requisite approvals. Two residential developments; the 90-unit One Jelatek which enjoys easy access to LRT services and the newly-opened DUKE (Damansara-Ulu Kelang Expressway) and the 186-residence Hampshire Place, which also boasts 240,000 sq ft of prime office and retail space for leasing, will be ready for vacant possession in the first and second half of 2010 respectively after an acceleration in construction activities.

We remain confident that our strategy of working closely with our various business partners on quality A&P activities will continue to hold the Megamall and The Gardens Mall in good stead to garner more repeat visits as well as new patrons to both properties. For our Hotel division, the year in review saw several properties – The Gardens Hotel, The Gardens Residences, Cititel Express Kota Kinabalu and the MiCasa All-Suite Hotel Kuala Lumpur - come on-stream, either partially or fully; adding just slightly over a thousand rooms to our current inventory of 4,700. 2010 will see The Gardens Residences and MiCasa All-Suite Hotel, as well as St Giles Hotel Makati, Manila in The Philippines fully operational. And keen to expand our hospitality brands further afield, the Group is in discussions for possible hotel projects in Bangkok, Thailand; Sydney, Australia; and Hanoi and Ho Chi Minh City, Vietnam. In any event, we are confident our relatively strong recurring income portfolio and an ongoing commitment throughout the organisation to quality deliverables, will see us through what remains an uncertain global economic recovery.

CONCLUSION

I would like to thank the management and staff for their unceasing loyalty and hard work during the year. The Board acknowledges your efforts and look forward to continuing teamwork to see the Group through what is expected to be another challenging year.

To my fellow Board members, I thank you for your continued guidance and support.

ROBERT TAN CHUNG MENG
Managing Director

Corporate Governance Statement

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

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

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the best practices of good governance as set out in the Code pursuant to Paragraph 15.25 of Bursa Securities Main Market Listing Requirements ('MMLR'). These principles and best practices have been applied throughout the financial year ended 31 December 2009 ('FY2009').

I. BOARD

(1) Board responsibility

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

(2) Board balance

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

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

Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman is the Senior Independent NED to whom concerns relating to the affairs of the Group may be conveyed.

(3) Board meetings and access to information

The Board meets at least 4 times a year, with special meetings convened as warranted by specific circumstances. During FY2009, 4 Board meetings were held and all Directors have complied with the requirements in respect of board meeting attendance as provided in the Articles of Association ('Articles'). The attendance record of each Director was as follows:

	Number of meetings attended	Percentage
Tan Sri Abu Talib bin Othman	4	100
Robert Tan Chung Meng	4	100
Tan Boon Seng	4	100
Tan Boon Lee	4	100
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	3	75
Tan Kai Seng	4	100
Yeoh Chong Swee	4	100
Tan Lei Cheng	4	100
Pauline Tan Suat Ming	4	100
Tony Tan @ Choon Keat	4	100
Datuk Abdul Habib bin Mansur	4	100
Chua Seng Yong (Alternate to Robert Tan Chung Meng)	4	100

Board reports include, among others, information on the Group's operational, financial and corporate issues, divisional performance, budget reports, minutes of Board Committees, statistics of shareholdings, securities transaction of the Directors and substantial shareholders and other related business matters that require Board's deliberation and due approval, are circulated to all Directors ahead of the scheduled meetings to enable the Directors to peruse, obtain additional information and/or seek further explanations or clarification on the matters

Corporate Governance Statement (continued)

to be deliberated. In most instances, senior management of the Company as well as external advisers are invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board. In the event of potential conflict of interest, the Director in such a position will make a declaration in the meeting. The Director concerned will then abstain from any decision-making process in which he or she has interest in. A record of the Board's deliberations of the issues discussed and conclusions reached in discharging its duties and responsibilities is captured in the minutes of each meeting.

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

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

(4) Board Committees

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

(a) Exco

The Exco comprises 2 EDs, the MD and a Non-Independent NED, 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 implement strategic plans for the Group with restricted authority given by way of limits determined by the Board, and to undertake such functions and all matters as may be approved or delegated by the Board from time to time.

Exco meets regularly to review the management's reports on progress of business operations as well as to assess and approve management's recommendations on key issues including acquisitions, divestments, restructuring, funding and capital expenditure. Major investment decisions and management's proposals above certain limits are reserved for decision by the Board upon recommendation of Exco. Special Exco meetings are also held on an ad hoc basis to review the Company's quarterly results or matters that require Exco's approval. In attendance are the Heads of Divisions, Chief Financial Officer and Company Secretary.

Exco met 4 times in FY2009 which was attended by all members.

(b) Audit Committee ('AC')

The AC comprises 3 Independent NEDs and a Non-Independent NED, namely Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman (Chairman), Tan Kai Seng, Yeoh Chong Swee and Tony Tan @ Choon Keat. With an independent component of 75% and comprised of NEDs, the composition of AC is fully compliant with the Code and the MMLR.

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

AC meetings are scheduled prior to Board meetings and minutes of AC proceedings are presented to the Board for notification. AC Chairman would inform the Directors at Board meetings, of any salient matters noted by AC and which require the Board's notice and direction.

The terms of reference and the activities carried out by AC during FY2009 are set out in the Audit Committee Report.

(c) Nomination Committee ('NC')

The NC comprises 2 Independent NEDs and a Non-Independent NED, namely Tan Sri Abu Talib bin Othman (Chairman), Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman and Pauline Tan Suat Ming.

NC recommends suitable candidates for appointments to the Board, including Committees of the Board. NC also evaluates the performance of the Board, its Committees and individual Directors on an annual basis, as well as reviews Directors who are due for re-election/re-appointment at the Company's Annual General Meeting ('AGM'). NC met once in FY2009 which was attended by all members.

Corporate Governance Statement (continued)

(d) Remuneration Committee ('RC')

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

RC recommends to the Board the policy framework on terms of employment of and on all elements of the remuneration of the MD and EDs and is also authorised to review and approve the annual salary increments and bonuses of the MD, EDs and key senior management officers of the Group. RC also reviews NEDs' fees, and thereupon recommends to the Board for approval. RC met once in FY2009 which was attended by all members.

(e) Risk Management Committee ('RMC')

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

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

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

(5) Appointment and Re-election of Directors

Appointments to the Board are the responsibility of the full Board on the recommendation of NC. NC reviews the appointment of new Directors to the Board as well as the re-appointment/re-election of Directors seeking re-appointment/re-election at each AGM.

The Company's Articles provides that all Directors should submit themselves for re-election at least once every 3 years in compliance with the MMLR. The Articles also provides that 1/3 of the Board shall retire from office and be eligible for re-election at every AGM. Directors over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Act.

During FY2009, there were no new appointments to the Board. In accordance with the MMLR, each member of the Board holds not more than 10 directorships in public listed companies ('PLCs') and not more than 15 directorships in non-PLCs.

The names and details of Directors seeking re-appointment/re-election at the 46th AGM are disclosed in Notice of Annual General Meeting and Profile of Directors.

(6) Directors' Training

During FY2009, all Directors had attended various training programmes, seminars and conferences which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors, covering areas that included corporate governance, relevant industry updates and global business developments, namely Key Corporate Governance Developments, Board Dynamics & Board Improvement Programme, The Global Economy in the Aftermath of the Financial Crisis, Latest Risk Faced by Audit Committee, Pricing Excellence and Updates on Malaysian Securities Law and Capital Markets Legislation.

II. DIRECTORS' REMUNERATION

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

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

Corporate Governance Statement (continued)

	Salaries RM	Fees RM	* Other Emoluments RM	** Benefits-in-kind RM	Total RM
EDs	1,818,000	-	1,050,000	80,745	2,948,745
NEDs	-	260,000	144,000	9,690	413,690
Total	1,818,000	260,000	1,194,000	90,435	3,362,435

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

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

Range of Remuneration	EDs	NEDs
Below RM50,000		7
RM150,001 to RM200,000		1
RM350,001 to RM400,000	1	
RM500,001 to RM550,000	1	
RM2,050,000 to RM2,100,000	2	

Notes:
1 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.
2 Remuneration paid to an alternate Director who is a full time employee of the Group has been placed according to the classification of the principal Director.

III. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

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

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

AGM, usually held in May each year, is the principal forum for dialogue with shareholders. At each AGM, the Board encourages shareholders to participate in the proceedings and ask questions about the resolutions being proposed and corporate developments. The Chairman, the MD and EDs respond to shareholders' questions, where appropriate, during the meeting. The external auditors also present to provide their professional and independent view, if required, on issues or concern highlighted by shareholders. A press conference is normally held after AGM.

IV. ACCOUNTABILITY AND AUDIT

(1) Financial reporting

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

The Statement by Directors made pursuant to Section 169(15) of the Act is set out in the Financial Statements.

(2) Internal control

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

Corporate Governance Statement (continued)

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

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

(3) Relationship with auditors

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

V. ADDITIONAL DISCLOSURES

(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 2009 or entered into since the end of the previous financial year.

(2) Share Buy-Back

During FY2009, the Company purchased a total of 8,082,100 of its ordinary shares of RM0.50 each from the open market at prices ranging from RM1.40 to RM2.03 per share. The total consideration of RM13,469,034-83 were financed by internal generated funds and all the shares so purchased by the Company were retained as treasury shares.

Details of the Company's share buy-back exercises for the year under review are set out in the Financial Statements.

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

At the last AGM held on 27 May 2009, the Company obtained a shareholders' mandate to allow the Group to enter into Recurrent RPTs.

In accordance with Section 3.1.5 of Practice Note No. 12 of the MMLR, the details of Recurrent RPTs conducted pursuant to the shareholders' mandate during FY2009 were as follows:

Related Parties	Nature of Recurrent RPTs with IGB Group	Interested Related Parties	Amount transacted in FY2009 (RM'000)
KrisAssets Holdings Berhad group of companies (Kris Group)	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management, consultancy & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services ▪ Purchase/supply of building materials, electrical equipment/appliances & related products/ services	Robert Tan Chung Meng (RTCM)[a] Tan Boon Seng (TBS)[b] Tan Lei Cheng (TLC)[c] Tan Boon Lee (TBL)[d] Pauline Tan Suat Ming (PTSM)[e] Tony Tan @ Choon Keat (TTCK)[f] Dato' Tan Chin Nam (DTCN)[g] Daniel Yong Chen-I (DYCI)[h] Elizabeth Tan Hui Ning (ETHN)[i] Goldis Berhad (Goldis)[j] Tan Chin Nam Sdn Bhd (TCNSB)[k] Tan Kim Yeow Sdn Bhd (TKYSB)[l] Wah Seong (Malaya) Trading Co. Sdn Bhd (WSTSB)[m]	19,120
Goldis group of companies (Goldis Group)	▪ Purchase/procurement of information technology relating to products & consultancy services ▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management, consultancy & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services	RTCM[a] TBS[b] TLC[c] TBL[d] PTSM[e] TTCK[f] DTCN[g] DYCI[h] ETHN[i] Goldis[j] TCNSB[k] TKYSB[l] WSTSB[m]	950

Corporate Governance Statement (continued)

Related Parties	Nature of Recurrent RPTs with IGB Group	Interested Related Parties	Amount transacted in FY2009 (RM'000)
WSTSB group of companies (WSTSB Group)	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management, consultancy & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services ▪ Purchase/supply of building materials, electrical equipment/appliances & related products/ services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any of the percentage ratios in the MMLR	RTCM[a] TBS[b] TLC[c] TBL[d] PTSM[e] TTCK[f] DTCN[g] DYCI[h] ETHN[i] Goldis[j] TCNSB[k] TKYSB[l] WSTSB[m]	2,961
TCNSB	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management, consultancy & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services ▪ Sale of land or land based properties in the ordinary course of business of not more than 10% of any of the percentage ratios in the MMLR	TBS[b] TLC[c] TBL[d] DTCN[g] Goldis[j] TCNSB[k] WSTSB[m]	7
Wah Seong Corporation Berhad group of companies (WSCB Group)	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum ▪ Purchase/supply of building materials, electrical equipment/appliances & related products/ services	RTCM[a] TBS[b] TLC[c] TBL[d] PTSM[e] TTCK[f] DTCN[g] DYCI[h] ETHN[i] Goldis[j] TCNSB[k] TKYSB[l] WSTSB[m]	-
Jeyaratnam & Chong (J&C)	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum ▪ Legal advisory & consultancy services by solicitors	TBS[b] TLC[c] TBL[d] DTCN[g]	166
Mayside Engineering S.A. (ME)	▪ Provision/receipt of management, consultancy & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services	Antony Patrick Barragry[n]	120
Lamanila Café Sdn Bhd (LM)	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum	Yeoh Chong Swee[o]	117

Corporate Governance Statement (continued)

Related Parties	Nature of Recurrent RPTs with IGB Group	Interested Related Parties	Amount transacted in FY2009 (RM'000)
Subsidiaries of IGB: ▪ Cititel Hotel Management Sdn Bhd (CHM) ▪ Tan & Tan Realty Sdn Bhd (TTR)	▪ Lease/tenancy of properties/assets & related facilities to/from Related Parties for no more than 3 years nor payment in lump sum ▪ Provision/receipt of management, consultancy & all types of services including but not limited to project development, property management, sales & marketing, hotel, construction, mechanical & engineering, landscaping, advertising, maintenance, security & support services ▪ Purchase/supply of building materials, electrical equipment/appliances & related products/ services	RTCM[a] TBS[b] TLC[c] TBL[d] PTSM[e] TTCK[f] DTCN[g] DYCI[h] ETHN[i] Goldis[j] TCNSB[k] TKYSB[l] WSTSB[m]	4,660

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Non-audit Fees

The non-audit fees paid to PricewaterhouseCoopers Taxation Services Sdn Bhd for FY2009 amounted to RM212,500 were related to tax compliance and consultancy.

(5) Corporate Social Responsibility ('CSR')

Information on the Group's CSR activities is disclosed in the Managing Director's Review of Operations.

The Board is satisfied that the Company has, in all material aspects, complied with the best practices of the Code as at 31 December 2009.

Audit Committee Report

I. FORMATION

The Audit Committee ('AC') was established by the Board on 12 April 1994.

II. OBJECTIVES

The primary objectives of AC are:

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

III. TERMS OF REFERENCE

AC is governed by the following terms of reference:

(1) Membership

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

(2) Authority

AC has the following authority as empowered by the Board:

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

(3) Responsibilities and Duties

The responsibilities and duties of AC shall be:

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

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

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

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

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

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

Audit Committee Report (continued)

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

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

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

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

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

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

(4) Meetings

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

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

IV. COMPOSITION

The members of AC during FY2009 were as follows:

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

V. MEETINGS AND ATTENDANCE

AC met on 4 occasions during FY2009 and the attendance of each AC member was as follows:

	Number of meetings attended
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	3
Tan Kai Seng	4
Yeoh Chong Swee	4
Tony Tan @ Choon Keat	4

The Group Chief Financial Officer, Head of GIA and Company Secretary were present at all AC meetings to present their respective reports to AC. The external auditors, PricewaterhouseCoopers ('PwC') attended 2 AC meetings in 2009 to present the Auditors' Report on the annual financial statements FY2008 and Auditors' Audit Plan FY2009. AC also met alone with PwC twice in 2009 without the presence of executive Board members and management staff to make enquiries in relation to management's co-operation in financial reporting, and the state of affairs of GIA function.

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

VI. SUMMARY OF ACTIVITIES

During the year, AC carried out the following activities:

(1) Financial Reporting

Reviewed and recommended for Board approval the quarterly financial results announcements and the annual audited financial statements of the Group.

Audit Committee Report (continued)

(2) External Audit

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

(3) Internal Audit

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

(4) RPTs

Reviewed RPTs that entered into by the Group.

VII. INTERNAL AUDIT FUNCTION

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

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

The costs incurred for GIA function for FY2009 were RM542,000.

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

Statement of Internal Control

RESPONSIBILITY

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

RISK MANAGEMENT

The RMC, appointed by the Board, comprised members of the Exco. Risk management is an ongoing process for identifying, evaluating, managing and reviewing significant risks faced by the businesses in the Group. The risk management process involved all business and functional units of the Group in identifying significant risks impacting the achievement of business objectives of the Group. It also involved the assessment of the impact and likelihood of such risks and of the effectiveness of controls in place to manage them. The process also involved the enhancement of the system of internal controls when there are changes to business environment or regulatory guidelines.

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

KEY INTERNAL CONTROL PROCESSES

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

The main elements in the internal control framework included:

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

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

Analysis of Shareholdings
as at 6 April 2010

Authorised Share Capital	:	RM1,200,000,000
Issued and Paid-up Share Capital	:	RM745,148,003.50*
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	On show of hands - 1 vote
		On a poll - 1 vote for each share held

* inclusive of 30,338,200 treasury shares

I. SIZE OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	726	19,091	0.00
100 to 1,000	2,823	2,241,729	0.15
1,001 to 10,000	9,818	39,266,060	2.69
10,001 to 100,000	2,270	59,529,921	4.08
100,001 to less than 5% of issued shares*1	420	965,864,192	66.16
5% and above of issued shares	2	393,036,814	26.92
Total	**16,059**	**1,459,957,807**	**100.00**

*1 excluding 30,338,200 shares bought-back by the Company and retained as treasury shares as at 6 April 2010.

II. REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct	% of Issued Shares*2	Deemed*3	% of Issued Shares*2
Goldis Berhad	381,349,224	26.12	20,230,575	1.39
Robert Tan Chung Meng	3,915,562	0.27	500,922,478	34.31
Pauline Tan Suat Ming	1,000,777	0.07	500,943,525	34.31
Tony Tan @ Choon Keat	-	-	500,922,478	34.31
Tan Chin Nam Sdn Bhd	52,016,945	3.56	473,525,546	32.43
Tan Kim Yeow Sdn Bhd	30,855,682	2.11	470,066,796	32.20
Wah Seong (Malaya) Trading Co. Sdn Bhd	45,385,159	3.11	422,861,387	28.96
Employees Provident Fund Board	146,328,990	10.02	-	-

*2 Based on issued and paid-up share capital of 1,490,296,007 less 30,338,200 shares as at 6 April 2010.
*3 Deemed to have interests in IGB shares held by other corporations by virtue of Section 6A(4) of the Companies Act 1965 ('Act') and/or by reference to Section 134(12)(c) of the Act.

III. THIRTY LARGEST SHAREHOLDERS

	No. of Shares	% of Issued Shares*2
1. Goldis Berhad	298,649,224	20.46
2. Employees Provident Fund Board	94,387,590	6.47
3. Tan Chin Nam Sendirian Berhad	49,714,945	3.41
4. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG-BR-TST-ASING)	46,274,675	3.17
5. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA, Singapore (Julius Baer)	45,963,700	3.15
6. Public Invest Nominees (Asing) Sdn Bhd Exempt AN for Public Bank (Nominees) Limited	44,900,000	3.08
7. Wah Seong (Malaya) Trading Co. Sdn Bhd	38,644,109	2.65
8. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Goldis Berhad (KLC)	37,800,000	2.59
9. HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Management Malaysia for Employees Provident Fund	28,247,900	1.93
10. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund KG67 for AIM International Emerging Growth Fund	27,777,100	1.90

Analysis of Shareholdings (continued)

as at 6 April 2010

III. THIRTY LARGEST SHAREHOLDERS (continued)

	No. of Shares	% of Issued Shares*2
11. Tan Kim Yeow Sendirian Berhad	25,871,432	1.77
12. M & A Nominee (Asing) Sdn Bhd Montego Assets Limited	25,530,050	1.75
13. Mayban Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	23,950,700	1.64
14. Multistock Sdn Bhd	20,230,575	1.39
15. HSBC Nominees (Asing) Sdn Bhd Exempt AN for HSBC Private Bank (Suisse) S.A. (Hong Kong AC CL)	15,605,800	1.07
16. Citigroup Nominees (Asing) Sdn Bhd Chase Manhattan Trustees Limited for Pacific Trust (CBLDN)	13,975,400	0.96
17. Mayban Nominees (Asing) Sdn Bhd DBS Bank for Ripley Services Limited (200932)	13,123,800	0.90
18. Amanahraya Trustees Berhad Public Far-East Property & Resorts Fund	12,509,700	0.86
19. HSBC Nominees (Asing) Sdn Bhd Exempt AN for HSBC Private Bank (Suisse) S.A. (SPORE TST AC CL)	11,792,100	0.81
20. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend)	11,736,100	0.80
21. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	11,559,000	0.79
22. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	10,419,600	0.71
23. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	9,846,900	0.67
24. Cartaban Nominees (Asing) Sdn Bhd State Street for Ishares MSCI Emerging Markets Index Fund	9,740,900	0.67
25. Wah Seong Enterprises Sdn Bhd	9,551,714	0.65
26. HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	9,199,800	0.63
27. SBB Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	8,750,500	0.60
28. BBL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato Tan Chin Nam (100171)	8,407,204	0.58
29. Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)	8,232,200	0.56
30. Mayban Nominees (Asing) Sdn Bhd DBS Bank for Timbarra Services Limited (240262)	7,760,900	0.53
Total	**980,153,618**	**67.14**

IV. REGISTER OF DIRECTORS' SHAREHOLDINGS IN IGB CORPORATION BERHAD

Name of Directors	Direct	% of Issued Shares*2	Deemed*3	% of Issued Shares*2
Tan Sri Abu Talib bin Othman	1,385,000	0.09	-	-
Robert Tan Chung Meng	3,915,562	0.27	500,922,478	34.31
Tan Boon Seng	-	-	16,741,275	1.15
Tan Boon Lee	2,895,574	0.20	-	-
Pauline Tan Suat Ming	1,000,777	0.07	500,943,525	34.31
Tan Lei Cheng	1,962,667	0.13	1,690,137	0.12
Tony Tan @ Choon Keat	-	-	500,922,478	34.31
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	560,316	0.04	187,875	0.01
Tan Kai Seng	92,750	0.01	-	-
Yeoh Chong Swee	-	-	53,500	negligible
Datuk Abdul Habib bin Mansur	-	-	-	-
Chua Seng Yong	75,006	0.01	-	-

Analysis of Shareholdings (continued)

as at 6 April 2010

V. REGISTER OF DIRECTORS' SHAREHOLDINGS IN KRISASSETS HOLDINGS BERHAD

Name of Directors	Direct	% of Issued Shares*4	Deemed*5	% of Issued Shares*4
Robert Tan Chung Meng	-	-	247,529,056	73.46
Pauline Tan Suat Ming	-	-	247,529,056	73.46
Tony Tan @ Choon Keat	-	-	247,529,056	73.46
Tan Boon Lee	1,100	negligible	-	-
Tan Sri Dato' Seri Khalid Ahmad bin Sulaiman	29,864	0.01	10,013	negligible
Tan Kai Seng	4,743	negligible	-	-
Chua Seng Yong	62,424	0.02	-	-

*4 Based on issued and paid-up share capital of 337,057,630 less 100,000 shares as at 6 April 2010.

*5 Deemed to have interests in Kris shares held by other corporations by virtue of Section 6A(4) of the Act and/or by reference to Section 134(12)(c) of the Act.

VI. REGISTER OF DIRECTORS' WARRANTHOLDINGS IN KRISASSETS HOLDINGS BERHAD

Name of Directors	Direct	% of Outstanding Warrants*6	Deemed*7	% of Outstanding Warrants*6
Tan Sri Abu Talib bin Othman	66	negligible	-	-
Robert Tan Chung Meng	662,730	0.64	86,216,077	83.24
Pauline Tan Suat Ming	16,268	0.02	86,216,077	83.24
Tony Tan @ Choon Keat	-	-	86,216,077	83.24
Tan Lei Cheng	44,045	0.04	39,916	0.04
Chua Seng Yong	87	negligible	-	-

*6 Outstanding warrants as at 6 April 2010 was 103,579,036.

*7 Deemed to have interests in Kris warrants held by other corporations by virtue of Section 6A(4) of the Act.

List of Top Ten Major Properties by Value

held by IGB Group as at 31 December 2009

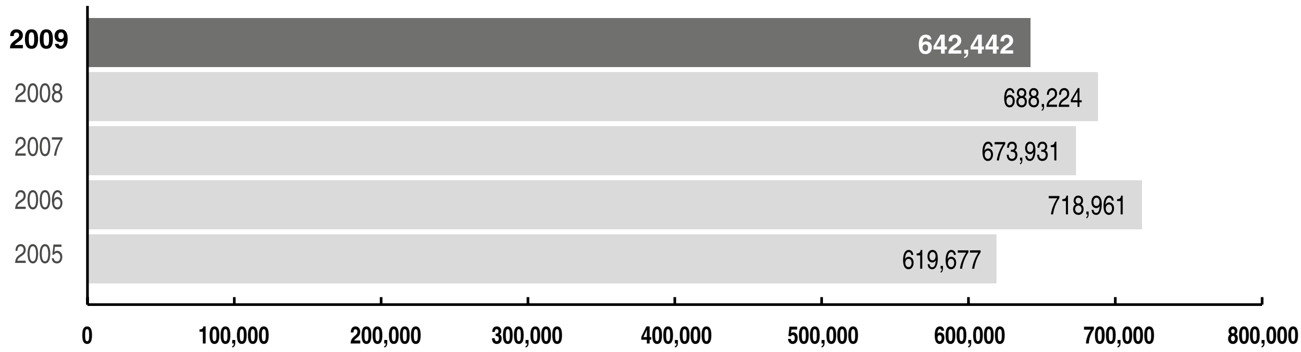
	Location/Address	Land Tenure	Age of Building (Years)	Description/ Existing use	Date of Acquisition/ Revaluation	Net Book Value RM'000
1	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	3	Shopping complex known as The Gardens Mall together with approximately 4,300 car parking bays	28-12-2004	594,042
2	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	10	Shopping complex known as Mid Valley Megamall together with approximately 6,500 car parking bays	17-12-1999	440,163
3	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	-	627 keys The Gardens Hotel and Residences at Mid Valley City	28-12-2004	172,279
4	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	2	420,000 sq. ft office space at The Gardens North Tower at Mid Valley City	28-12-2004	145,294
5	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	2	410,000 sq. ft office space at The Gardens South Tower at Mid Valley City	28-12-2004	141,474
6	Lot 15256 Mukim of Labu, District of Seremban, Negeri Sembilan	Freehold	-	344.0 hectares approved mixed development for residential and commercial use and unsold completed units	31-1-2002	123,013
7	368-B Jalan Tun Razak 50400 Kuala Lumpur	Freehold	20	242 keys all-suite hotel known as "MiCasa All Suite Hotel"	31-1-2002	111,795
8	Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Leasehold expiring 2103	10	646 rooms Cititel Hotel Mid Valley	27-3-2006	97,743
9	Teluk Belaga, Pangkor Island	Freehold	24	258 rooms resort hotel known as "Pangkor Island Beach Resort"	24-12-2006	84,567
10	207 Jalan Tun Razak 50400 Kuala Lumpur	Freehold	16	340,000 sq ft office space at Menara Tan & Tan	31-1-2002	82,902

Five-Year Group Financial Highlights

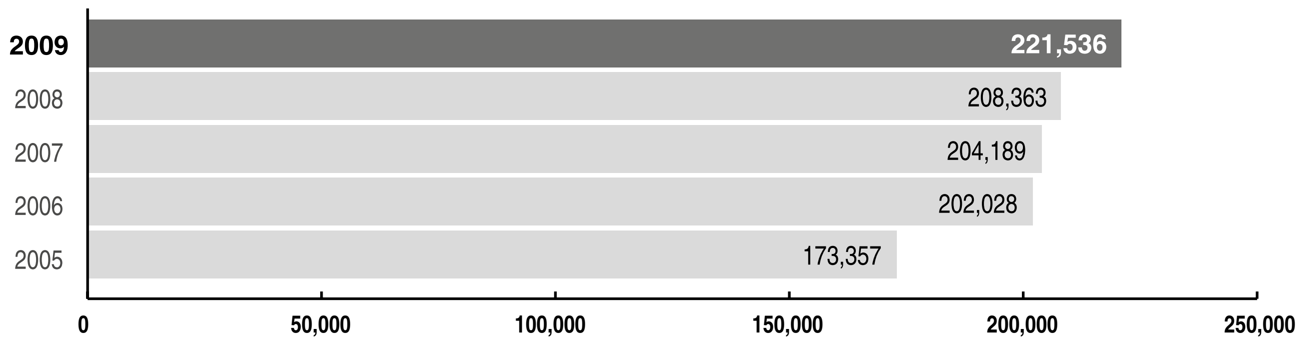
		2005	2006	2007	2008	2009
REVENUE	RM'000	619,677	718,961	673,931	688,224	**642,442**
PROFIT BEFORE TAX [1]	RM'000	173,357	202,028	204,189	208,363	**221,536**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	RM'000	105,458	135,915	136,851	154,960	**158,978**
ISSUED SHARE CAPITAL (RM0.50)	RM'000	730,277	732,523	744,862	745,148	**745,148**
SHAREHOLDERS' FUNDS	RM'000	2,382,386	2,477,603	2,639,601	2,688,381	**2,856,493**
TOTAL ASSETS	RM'000	3,696,304	3,861,714	4,342,096	4,450,094	**4,467,175**
EARNINGS PER SHARE (Basic)	sen	7.2	9.3	9.3	10.5	**10.9**
NET ASSETS PER SHARE	RM	1.7	1.8	1.8	1.9	**2.0**
GROSS DIVIDENDS PER SHARE	sen	2.5	2.5	2.5	2.5	**2.5**
DIVIDEND RATE	%	5.0	5.0	5.0	5.0	**5.0**

Note 1
With effect from financial year 2006, profit before tax includes share of results of associates net of tax. Associates' tax amounted to RM8.1 million for financial year 2006, RM12.6 million for financial year 2007, RM14.3 million for financial year 2008 and RM10.9 million for financial year 2009.

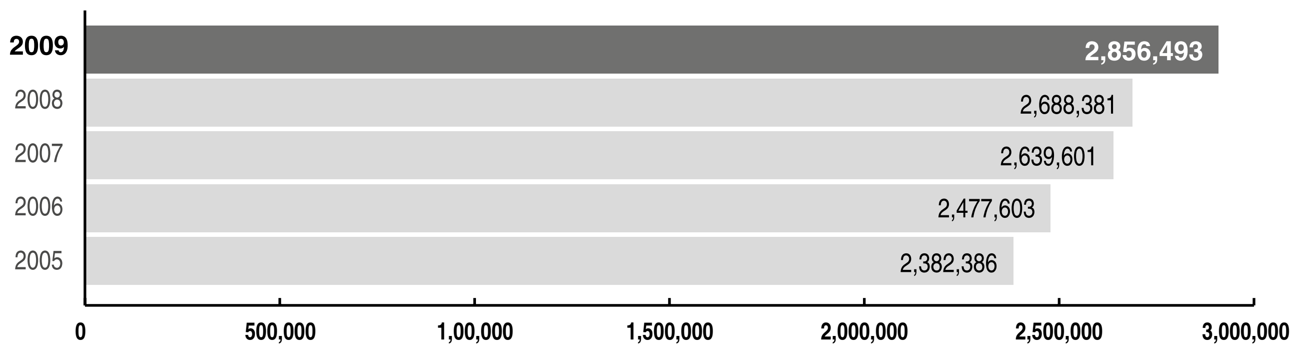
REVENUE (RM'000)



PROFIT BEFORE TAX (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



Contents

Reports and Financial Statements

Directors' Report
for the financial year ended 31 December 2009

The Directors are pleased to present their report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2009.

Principal activities and corporate information

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

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

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 RM'000	Company RM'000
Profit for the financial year	**179,220**	127,566
Attributable to:		
Equity holders of the Company	**158,978**	127,566
Minority interest	**20,242**	-
	179,220	127,566

Dividends

On 25 February 2010, the Directors have declared an interim dividend in respect of the financial year ended 31 December 2009 of 5% less tax at 25% paid on 15 April 2010 to every member who is entitled to receive the dividend as at 4.00 pm on 15 March 2010.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2009.

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 27 May 2009, renewed the approval of the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 8,082,100 of its own shares from the open market for RM13,469,035. The average purchase price for the shares repurchased was RM1.67 per share. The repurchase transaction was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at historical cost of repurchase. The Company has the right to distribute these shares as dividends to reward shareholders and/or resell the shares. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

At the balance sheet date, the number of treasury shares held was 30,338,200 ordinary shares of RM0.50 each.

Directors' Report (continued)

for the financial year ended 31 December 2009

Directors

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

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

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

Tan Sri Abu Talib Bin Othman and Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman, being over seventy years of age, retire in accordance with Section 129(2) of the Companies Act, 1965. Tan Sri Abu Talib Bin Othman 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. Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman did not offer himself for re-appointment and shall cease to be Director at 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 warrants in the Company and its related corporations are as follows:

In the Company	**Number of ordinary shares of RM0.50 each**			
	1 January	**Addition**	**Disposal**	**31 December**
Tan Sri Abu Talib Bin Othman				
Direct	1,385,000	-	-	**1,385,000**
Robert Tan Chung Meng				
Direct	3,915,562	-	-	**3,915,562**
Indirect	506,307,678	1,143,900	(7,485,000)	**499,966,578**
Tan Boon Seng				
Indirect	16,104,975	-	-	**16,104,975**
Tan Boon Lee				
Direct	2,895,574	-	-	**2,895,574**
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	560,316	-	-	**560,316**
Indirect	187,875	-	-	**187,875**
Tan Lei Cheng				
Direct	1,962,667	-	-	**1,962,667**
Indirect	1,690,137	-	-	**1,690,137**
Pauline Tan Suat Ming			-	
Direct	1,000,777	-	-	**1,000,777**
Indirect	506,307,678	1,143,900	(7,485,000)	**499,966,578**
Tony Tan @ Choon Keat				
Indirect	506,307,678	1,143,900	(7,485,000)	**499,966,578**
Tan Kai Seng				
Direct	92,750	-	-	**92,750**
Yeoh Chong Swee				
Indirect	53,500	-	-	**53,500**
Chua Seng Yong				
Direct	51,006	-	(51,000)	**6**

Directors' Report (continued)

for the financial year ended 31 December 2009

Directors' interests (continued)

In KrisAssets Holdings Berhad	Number of ordinary shares of RM1.00 each			
(subsidiary)	1 January	Addition	Disposal	31 December
Robert Tan Chung Meng				
Indirect	247,529,056	-	-	**247,529,056**
Tan Boon Lee				
Direct	1,100	-	-	**1,100**
Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman				
Direct	29,864	-	-	**29,864**
Indirect	10,013	-	-	**10,013**
Pauline Tan Suat Ming				
Indirect	247,529,056	-	-	**247,529,056**
Tony Tan @ Choon Keat				
Indirect	247,529,056	-	-	**247,529,056**
Tan Kai Seng				
Direct	4,743	-	-	**4,743**
Chua Seng Yong				
Direct	1,424	20,300	-	**21,724**

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

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

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

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments paid as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

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

Directors' Report (continued)

for the financial year ended 31 December 2009

Statutory information on the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors:

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

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

Auditors

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

Signed in accordance with a resolution of the Directors dated 28 April 2010.

Robert Tan Chung Meng
Managing Director

Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman
Director

Income Statements

for the financial year ended 31 December 2009

		Group		Company	
		2009	2008	**2009**	2008
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	5	**642,442**	688,224	**104,831**	200,459
Cost of sales		**(281,589)**	(352,634)	**(1,078)**	(79,222)
Gross profit		**360,853**	335,590	**103,753**	121,237
Other operating income		**57,795**	55,295	**84,424**	17,405
Administrative expenses		**(151,432)**	(171,903)	**(26,530)**	(24,401)
Other operating expenses		**(16,371)**	(83,244)	**(1,753)**	(25,441)
Profit from operations	6	**250,845**	135,738	**159,894**	88,800
Finance cost	8	**(57,142)**	(55,823)	**(17,567)**	(14,531)
Share of results of associates		**27,833**	44,859	**-**	-
Gain on disposal of an associate		**-**	83,589	**-**	-
Profit before tax		**221,536**	208,363	**142,327**	74,269
Tax expense	9	**(42,316)**	(35,495)	**(14,761)**	(8,362)
Profit for the financial year		**179,220**	172,868	**127,566**	65,907
Attributable to:					
Equity holders of the Company		**158,978**	154,960	**127,566**	65,907
Minority interests		**20,242**	17,908	**-**	-
Profit for the financial year		**179,220**	172,868	**127,566**	65,907
Earnings per ordinary share (sen)	10				
- Basic		**10.85**	10.46		
- Diluted		**N/A**	10.46		
Gross dividends per ordinary share for the financial year (sen)	11	**2.50**	2.50	**2.50**	2.50

Balance Sheets
as at 31 December 2009

		Group		Company	
		2009	2008	**2009**	2008
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Capital and reserves attributable to equity holders of the Company					
Share capital	12(a)	**745,148**	745,148	**745,148**	745,148
Share premium		**427,221**	427,221	**427,221**	427,221
Treasury shares	12(b)	**(48,474)**	(35,005)	**(48,474)**	(35,005)
Revaluation and other reserves	13	**353,451**	332,206	**-**	-
Retained earnings	14	**1,379,147**	1,218,811	**1,479,962**	1,352,396
		2,856,493	2,688,381	**2,603,857**	2,489,760
Minority interests		**114,908**	90,616	**-**	-
Total equity		**2,971,401**	2,778,997	**2,603,857**	2,489,760
Represented by:					
Non-current assets					
Property, plant and equipment	17	**827,683**	758,007	**5,027**	6,645
Land held for property development	18(a)	**267,152**	256,641	**8,261**	7,175
Investment properties	19	**1,464,888**	1,527,263	**-**	-
Long term prepaid lease	20	**204,401**	206,857	**-**	-
Subsidiaries	21	**-**	-	**1,907,058**	1,769,808
Associates	22	**550,724**	542,348	**128,382**	128,382
Other investments	23	**6,212**	6,212	**2,062**	2,062
Deferred tax assets	16	**14,875**	10,522	**-**	520
		3,335,935	3,307,850	**2,050,790**	1,914,592
Current assets					
Property development costs	18(b)	**95,769**	93,565	**-**	-
Inventories	24	**65,377**	67,625	**38,224**	38,791
Marketable securities	25	**60,046**	37,556	**60,046**	37,556
Trade and other receivables	26	**129,099**	158,504	**36,715**	91,577
Amounts owing by subsidiaries	27	**-**	-	**314,291**	945,153
Amounts owing by associates	28	**121,090**	118,920	**98,337**	98,407
Amount owing by a jointly controlled entity	31	**-**	5,869	**-**	-
Tax recoverable		**13,606**	4,067	**4,270**	1,955
Deposits with licensed banks	29	**542,587**	528,954	**234,774**	320,366
Cash and bank balances	29	**103,666**	127,184	**17,529**	89,195
		1,131,240	1,142,244	**804,186**	1,623,000
Less: Current liabilities					
Trade and other payables	30	**395,627**	473,328	**30,128**	49,055
Amounts owing to subsidiaries	27	**-**	-	**20,991**	748,777
Amounts owing to associates	28	**25,583**	24,386	**-**	-
Amount owing to a jointly controlled entity	31	**3,417**	-	**-**	-
Borrowings	15	**83,491**	122,781	**-**	50,000
Current tax payable		**14,266**	14,751	**-**	-
		522,384	635,246	**51,119**	847,832
Net current assets		**608,856**	506,998	**753,067**	775,168
Less: Non-current liabilities					
Borrowings	15	**891,354**	954,305	**200,000**	200,000
Deferred tax liabilities	16	**82,036**	81,546	**-**	-
		973,390	1,035,851	**200,000**	200,000
		2,971,401	2,778,997	**2,603,857**	2,489,760

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2009

		Attributable to equity holders of the Company								
	Note	Issued and fully paid ordinary shares of RM0.50 each								
Group		Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Revaluation and other reserves (Note 13) RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 January 2009		1,490,296	745,148	427,221	(35,005)	332,206	1,218,811	2,688,381	90,616	2,778,997
Share buy back		-	-	-	(13,469)	-	-	(13,469)	-	(13,469)
Issuance of Redeemable Cumulative Non-Voting Preference Shares to minority interests in a subsidiary		-	-	-	-	-	-	-	416	416
Issuance of ordinary shares to minority interest in a subsidiary		-	-	-	-	-	-	-	14,705	14,705
		1,490,296	745,148	427,221	(48,474)	332,206	1,218,811	2,674,912	105,737	2,780,649
Currency translation differences		-	-	-	-	13,586	-	13,586	694	14,280
Creation of a capital redemption reserve upon redemption of redeemable preference shares by a subsidiary		-	-	-	-	25	(25)	-	-	-
Realisation of revaluation surplus on property, plant and equipment, net of tax		-	-	-	-	(1,097)	1,097	-	-	-
Realisation of deferred tax on property, plant and equipment		-	-	-	-	-	286	286	-	286
Deferred tax on revaluation surplus on property, plant and equipment		-	-	-	-	(310)	-	(310)	-	(310)
Revaluation surplus on property, plant equipment		-	-	-	-	9,041	-	9,041	-	9,041
Income recognised directly in equity		-	-	-	-	21,245	1,358	22,603	694	23,297
Profit for the financial year		-	-	-	-	-	158,978	158,978	20,242	179,220
Total recognised income for the financial year		-	-	-	-	21,245	160,336	181,581	20,936	202,517
Dividends on ordinary shares	11	-	-	-	-	-	-	-	(11,765)	(11,765)
At 31 December 2009		1,490,296	745,148	427,221	(48,474)	353,451	1,379,147	2,856,493	114,908	2,971,401

Consolidated Statement of Changes in Equity (continued)

for the financial year ended 31 December 2009

		Attributable to equity holders of the Company								
	Note	Issued and fully paid ordinary shares of RM0.50 each								
Group		Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Revaluation and other reserves (Note 13) RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 January 2008		1,489,724	744,862	426,974	(17,094)	335,964	1,148,895	2,639,601	89,384	2,728,985
Share buy back		-	-	-	(17,911)	-	-	(17,911)	-	(17,911)
Issue of shares:										
- Employees' share options	12(c)	572	286	247	-	-	-	533	-	533
Issuance of Redeemable Cumulative Non-Voting Preference Shares to minority interests in a subsidiary		-	-	-	-	-	-	-	378	378
Issuance of ordinary shares to minority interest in a subsidiary		-	-	-	-	-	-	-	1,225	1,225
Redemption of Redeemable and Convertible Unsecured Loan Stock from minority interest		-	-	-	-	-	-	-	(4,000)	(4,000)
		1,490,296	745,148	427,221	(35,005)	335,964	1,148,895	2,622,223	86,987	2,709,210

Consolidated Statement of Changes in Equity (continued)

for the financial year ended 31 December 2009

Group	Note	Attributable to equity holders of the Company: Issued and fully paid ordinary shares of RM0.50 each: Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Revaluation and other reserves (Note 13) RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Currency translation differences		-	-	-	-	(30,375)	-	(30,375)	(367)	(30,742)
Dilution of shares in subsidiaries		-	-	-	-	-	-	-	(663)	(663)
Reversal of deferred tax arising from change in tax rate		-	-	-	-	5,579	-	5,579	-	5,579
Creation of a capital redemption reserve upon redemption of redeemable preference shares by the subsidiaries		-	-	-	-	23,025	(23,025)	-	-	-
Realisation of revaluation surplus on property, plant and equipment, net of tax		-	-	-	-	(1,301)	1,301	-	-	-
Realisation of deferred tax on property, plant and equipment		-	-	-	-	-	984	984	-	984
Realisation of reserves upon liquidation of a foreign associate		-	-	-	-	(686)	-	(686)	-	(686)
Income and expense recognised directly in equity		-	-	-	-	(3,758)	(20,740)	(24,498)	(1,030)	(25,528)
Profit for the financial year		-	-	-	-	-	154,960	154,960	17,908	172,868
Total recognised income and expenses for the financial year		-	-	-	-	(3,758)	134,220	130,462	16,878	147,340
Dividends on ordinary shares	11	-	-	-	-	-	(64,304)	(64,304)	(13,249)	(77,553)
At 31 December 2008		1,490,296	745,148	427,221	(35,005)	332,206	1,218,811	2,688,381	90,616	2,778,997

Company Statement of Changes in Equity

for the financial year ended 31 December 2009

	Issued and fully paid ordinary shares of RM0.50 each		Non-Distributable	Treasury shares	Distributable	
	Number of shares	Nominal value	Share premium		Retained earnings	Total equity
Company	**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2009	**1,490,296**	**745,148**	**427,221**	**(35,005)**	**1,352,396**	**2,489,760**
Profit for the financial year	**-**	**-**	**-**	**-**	**127,566**	**127,566**
Share buy back	**-**	**-**	**-**	**(13,469)**	**-**	**(13,469)**
At 31 December 2009	**1,490,296**	**745,148**	**427,221**	**(48,474)**	**1,479,962**	**2,603,857**

	Note	Issued and fully paid ordinary shares of RM0.50 each		Non-Distributable	Treasury shares	Distributable	
		Number of shares	Nominal value	Share premium		Retained earnings	Total equity
Company		**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2008		1,489,724	744,862	426,974	(17,094)	1,350,793	2,505,535
Profit for the financial year		-	-	-	-	65,907	65,907
Share buy back		-	-	-	(17,911)	-	(17,911)
Issue of shares:							
- Employees' share options	12(c)	572	286	247	-	-	533
Dividends on ordinary shares	11	-	-	-	-	(64,304)	(64,304)
At 31 December 2008		1,490,296	745,148	427,221	(35,005)	1,352,396	2,489,760

Cash Flow Statements

for the financial year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Operating activities					
Receipts from customers		**689,391**	761,763	**17,949**	138,403
Payments to contractors, suppliers and employees		**(386,407)**	(545,496)	**(50,959)**	(79,337)
Cash flows from/(used in) operations		**302,984**	216,267	**(33,010)**	59,066
Interest paid		**(57,729)**	(56,270)	**(17,841)**	(13,884)
Income taxes paid		**(56,203)**	(47,961)	**3,755**	(2,138)
Net cash generated from/(used in) operating activities		**189,052**	112,036	**(47,096)**	43,044
Investing activities					
Acquisition of additional interests in subsidiaries	37	**-**	(45)	**-**	(90)
Proceeds from disposal of an associate	38	**-**	107,561	**-**	-
Proceeds from sale of investment		**-**	17,941	**-**	-
Proceeds from redemption of preference shares		**-**	-	**25,000**	25,000
Interest received		**10,765**	14,077	**23,306**	11,039
Additions of property, plant and equipment		**(102,260)**	(168,602)	**(264)**	(3,682)
Additions of investment properties		**(313)**	(26,584)	**-**	-
Additions of long term prepaid lease		**-**	(659)	**-**	-
Additions of land held for property development		**(21,790)**	(19,879)	**(1,086)**	(623)
Proceeds from sale of property, plant and equipment		**554**	5,920	**161**	-
Acquisition of an associate		**-**	(40)	**-**	(40)
Call up capital in a subsidiary		**-**	-	**(100)**	-
Subscription of additional shares in subsidiaries		**-**	-	**(200)**	-
Dividends received from subsidiaries		**-**	-	**114,237**	29,412
Dividends received from associates		**20,409**	21,064	**6,000**	-
Dividends received from marketable securities		**3,700**	141	**3,700**	141
Net (advances to)/repayment of advances from subsidiaries		**-**	-	**(28,064)**	4,905
Net (repayment of advances to)/advances from subsidiaries		**-**	-	**(187,938)**	85,005
Net repayment of advances from associates		**1,819**	1,348	**-**	1,291
Repayment of advances to associates		**(2,106)**	-	**-**	-
Return of capital from an associate		**-**	3,454	**-**	-
Net repayment of advances from jointly controlled entity		**9,206**	12,339	**-**	-
Net cash (used in)/from investing activities		**(80,016)**	(31,964)	**(45,248)**	152,358
Financing activities					
Proceeds from issuance of shares		**-**	533	**-**	533
Repayments of borrowings		**(103,495)**	(301,060)	**(50,000)**	(100,000)
Proceeds from borrowings		**-**	500,000	**-**	200,000
Purchase of treasury shares		**(13,469)**	(17,911)	**(13,469)**	(17,911)
Dividends paid		**-**	(64,304)	**-**	(64,304)
Net cash (used in)/from financing activities		**(116,964)**	117,258	**(63,469)**	18,318
Net (decrease)/increase in cash and cash equivalents during the financial year		**(7,928)**	197,330	**(155,813)**	213,720
Cash and cash equivalents at beginning of financial year		**656,138**	453,234	**409,561**	192,583
Foreign currencies exchange difference on opening balances		**(1,957)**	5,574	**(1,445)**	3,258
Cash and cash equivalents at end of financial year	29	**646,253**	656,138	**252,303**	409,561

Notes to the Financial Statements
for the financial year ended 31 December 2009

1. General information

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

As at 31 December 2009, all financial assets and financial liabilities of the Group and Company are denominated in Ringgit Malaysia unless otherwise stated.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

The preparation of financial statements in conformity with the Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their 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 to published standards and interpretations to existing standards that are effective and are applicable to the Group

There are no new accounting standards, amendments to published standards and interpretations to existing standards that are effective and are applicable to the Group for the Company's financial year ended 31 December 2009.

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

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

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

The new accounting standard that is effective for annual periods beginning on or after 1 July 2009 is as follows:

- FRS 8 – Operating Segments replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated.

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

- FRS 7 "Financial instruments: Disclosures" provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.

- FRS 123 "Borrowing costs" which replaces FRS 123_{2004}. The standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of the asset. The option of immediately expensing those borrowing costs is removed. The improvement to FRS 123 clarifies that the definition of borrowing costs includes interest expense calculated using the effective interest method defined in FRS 139.

- FRS 139 "Financial Instruments: Recognition and Measurement" establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendment concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe.

- FRS 140 "Investment property" requires assets under construction/ development for future use as investment property to be accounted as investment property rather than property, plant and equipment. Where the fair value model is applied, such property is measured at fair value. However, where fair value is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and fair value becomes reliably measurable. It also clarifies that if a valuation obtained for an investment property held under lease is net of all expected payments, any recognised lease liability is added back in order to determine the carrying amount of the investment property under the fair value model.

- The amendment to FRS 1 "First-time adoption of financial reporting standards" and FRS 127 "Consolidated and separate financial statements: Cost of an investment in a subsidiary, jointly controlled entity or associate" allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from FRS 127 and requires investors to present dividends as income in the separate financial statements.

- The amendment to FRS 2 "Share-based payment: Vesting conditions and cancellations" deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The improvement to FRS 2 (effective from 1 July 2010) clarifies that contributions of a business on formation of a joint venture and common control transactions are outside the scope of FRS 2.

- The amendment to FRS 5 "Non-current assets held for sale and discontinued operations" clarifies that FRS 5 disclosures apply to non-current assets or disposal groups that are classified as held for sale and discontinued operations. Improvement effective from 1 July 2010 clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

- The amendment to FRS 107 “Statement of cash flows” clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.

- The amendment to FRS 110 “Events after the balance sheet date” reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.

- The amendment to FRS 116 “Property, plant and equipments” (consequential amendment to FRS 107 “Statement of cash flows”) requires entities whose ordinary activities comprise of renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to FRS 107 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities.

- The amendment to FRS 117 “Leases” clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117.

- The amendment to FRS 118 “Revenue” provides more guidance when determining whether an entity is acting as a ‘principal’ or as an ‘agent’.

- The amendment to FRS 119 “Employee benefits” clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

- The amendment to FRS 127 “Consolidated & separate financial statements” clarifies that where an investment in a subsidiary that is accounted for under FRS 139 is classified as held for sale under FRS 5, FRS 139 would continue to be applied.

- The amendment to FRS 128 “Investments in associates” clarifies that an investment in an associate is treated as a single asset for impairment testing purposes. Reversals of impairment are recorded as an adjustment to the carrying amount of the investment to the extent that the recoverable amount of the associate increases.

- The amendment to FRS 128 “Investments in associates” and FRS 131 “Interests in joint ventures” (consequential amendments to FRS 132 “Financial instruments: Presentation” and FRS 7 “Financial instruments: Disclosure”) clarify that where an investment in associate or joint venture is accounted for in accordance with FRS 139, only certain, rather than all disclosure requirements in FRS 128 or FRS 131 need to be made in addition to disclosures required by FRS 132 and FRS 7.

- The amendments to FRS 132 “Financial instruments: Presentation” and FRS 101(revised) “Presentation of financial statements” - “Puttable financial instruments and obligations arising on liquidation” require entities to classify puttable financial instruments and instruments that impose on the entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation as equity, if they have particular features and meet specific conditions.

- The amendment to FRS 134 “Interim financial reporting” clarifies that basic and diluted earnings per share (“EPS”) must be presented in an interim report only in the case when the entity is required to disclose EPS in its annual report.

- The amendment to FRS 136 “Impairment of assets” clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made.

- The amendment to FRS 138 “Intangible Assets” clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the entity has access to the catalogues and not when the catalogues are distributed to customers. It confirms that the unit of production method of amortisation is allowed.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

- IC Interpretation 9 "Reassessment of Embedded Derivatives" requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The improvement to IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

- IC Interpretation 10 "Interim Financial Reporting and Impairment" prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

- IC Interpretation 11 "FRS 2 Group and treasury share transactions" provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.

- IC Interpretation 13 "Customer loyalty programmes" clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

- IC Interpretation 14 "FRS 119 The limit on a defined benefit asset, minimum funding requirements and their interaction" provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset.

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

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

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

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

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

As allowed under the transitional provision of FRS 139 and FRS 7, the Group and the Company are exempted from having to disclose the possible impact of the application of this standard on the financial statements of the Group and the Company in the year of initial application.

The Group is in the process of quantifying the impact arising from the application of IC Interpretation 15 on agreements for the construction of real estates.

Other than FRS 139, FRS 7 and IC Interpretation 15, the above standards, amendments 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.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

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

- FRS 4 "Insurance contract"
- The amendments to FRS 120 "Accounting for government grants"
- The amendment to FRS 129 "Financial reporting in hyperinflationary economies"

The new interpretations to existing standards that are effective for periods beginning on or after 1 July 2010 are as follows:

- IC Interpretation 12 "Service concession arrangements"
- IC Interpretation 17 "Distribution of non-cash assets to owners"
- IC Interpretation 16 "Hedges of a net investment in a foreign operation"

2.2 Economic entities in the Group

(a) Subsidiaries

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

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

Subsidiaries are consolidated using the purchase method of accounting.

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

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

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

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

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(b) Transactions with minority interests

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

(c) Jointly controlled entity

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

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

The Group 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, in applying the equity method, adjustments are made to the financial statements of the jointly controlled entity to ensure consistency of accounting policies with those of the Group.

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred.

(d) Associates

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

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

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

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

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Hotel properties (land and buildings) are subsequently shown at revalued amounts based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

A freehold land of a subsidiary was stated at valuation on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers on a fair market value basis. The Directors applied the transitional provisions of International Accounting Standard ('IAS') No. 16 (Revised) Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board which allows these assets to be stated at their 1996 valuation. Accordingly, the valuation has not been updated.

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

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

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

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

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

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

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

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

2.4 Investment properties

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.4 Investment properties (continued)

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

	%
• Buildings	2
• Building fittings	10 – 20

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

2.5 Goodwill

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

Goodwill on acquisition of subsidiaries are included in the balance sheet as intangible assets whereas negative goodwill is recognised immediately in the income statement.

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

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

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

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

Marketable securities (within current assets) are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/charged to the income statement.

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

2.7 Impairment of assets

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.8 Leases

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

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

2.9 Prepaid lease payments

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

2.10 Inventories

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

(a) Unsold properties

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

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

(b) Finished goods

Cost is determined using the first in, first out method. The cost of finished goods comprises building materials used in construction activities.

(c) Hotel operating supplies

Cost is determined on a first-in, first-out basis and comprises food and beverage, printing and stationeries and guestroom supplies. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

2.11 Construction contracts

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

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

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

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.12 Property development activities

(a) Land held for property development

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

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to 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 2.7 on impairment of assets.

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

(b) Property development costs

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

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

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

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

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

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

2.13 Trade receivables

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

2.14 Cash and cash equivalents

For the purpose of the cash flow statements, 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. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.15 Share capital

(a) *Classification*

Ordinary shares are classified as equity. Other shares are classified as equity or liability according to the economic substance of the particular instrument.

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

(b) *Share issue costs*

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

(c) *Dividends to shareholders of the Company*

Interim dividends are recognised as liabilities when declared before the balance sheet date. Final dividends are accounted for only after approval by the Company's shareholders.

(d) *Purchase of own shares*

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

2.16 Borrowings

(a) *Classification*

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

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

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

(b) *Capitalisation of borrowing cost*

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

2.17 Tax

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

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

Notes to the Financial Statements (continued)
for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.17 Tax (continued)

Deferred tax assets are recognised to the extent that it is probable that taxable 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 balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.18 Employee benefits

(a) Short term employee benefits

The Group recognises a liability and an expense for bonus. The Group recognises a provision where there is a contractual obligation or where there is a past practice that has created a construction obligation.

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

(b) Equity compensation benefits

The Directors had applied the transitional provisions of FRS 2 “Share-Based Payment” as adopted by the Malaysian Accounting Standards Board in relation to grants of shares, share options or other equity instruments that were granted before 31 December 2004 and had not yet vested at the annual periods beginning on or after 1 January 2006. Accordingly, the Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

Details of the Group’s Employee Share Option Scheme in the previous financial year are set out in Note 12(c) to the financial statements.

(c) Defined contribution plans

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

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

2.19 Provisions

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

2.20 Contingent liabilities and contingent assets

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.21 Revenue recognition

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

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

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

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

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

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

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

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

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

2.22 Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

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

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

2. Summary of significant accounting policies (continued)

2.23 Financial instruments

(a) Description

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

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

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

(b) Financial instruments recognised on the balance sheet

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

(c) Fair value estimation for disclosure purposes

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

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

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

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

2.24 Segment reporting

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

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

3. Financial risk management objectives and policies

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

(a) Foreign currency exchange risk

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

3. Financial risk management objectives and policies (continued)

(b) Interest rate risk

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

(c) Market risk

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

(d) Credit risk

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

In addition, the Company has given guarantees to subsidiaries for banking facilities (see Note 33). The Directors are of the view that such credit risk is minimal in view of the stability of the subsidiaries' financial position.

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

(e) Liquidity and cash flow risk

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

4. Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

(i) 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) Income taxes

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

4. Critical accounting estimates and judgements (continued)

4.1 Critical accounting estimates and assumptions (continued)

(ii) Income taxes (continued)

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.

(iii) Recognition of revenue from property development

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

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

4.2 Critical judgement in applying the accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. During the financial year, there are no critical judgements made in applying the Group's accounting policies.

5. Revenue

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Investment income	**14,469**	6,283	**101,907**	101,563
Rental income from investment properties	**398,067**	355,321	**-**	-
Other rental and rent related income	**4,338**	1,454	**2,474**	2,517
Property development revenue	**73,583**	169,973	**450**	96,379
Hotel room revenue	**107,311**	119,304	**-**	-
Sale of food, beverages and other goods	**39,610**	28,409	**-**	-
Rendering of services	**5,064**	7,480	**-**	-
	642,442	688,224	**104,831**	200,459

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

6. Profit from operations

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Profit from operations is stated after charging:				
Allowance for doubtful debts:				
- Trade and other receivables	**4,788**	5,732	**-**	316
- Amount owing by subsidiaries	**-**	-	**2,629**	-
Auditors' remuneration:				
- Current financial year	**550**	554	**133**	127
- Under provision in prior financial year	**12**	-	**-**	-
- Other fees	**20**	32	**20**	32
Bad debts written off:				
- Trade and other receivables	**598**	397	**1**	43
Depreciation:				
- property, plant and equipment	**39,335**	33,735	**1,719**	1,638
- investment properties	**62,896**	61,032	**-**	-
- prepaid lease payments	**2,397**	2,380	**-**	-
Hire of plant and equipment	**340**	1,144	**-**	-
Operating lease rental	**819**	783	**-**	-
Impairment losses:				
- Subsidiaries	**-**	-	**349**	-
- Marketable securities	**535**	23,325	**535**	23,325
- Other investments	**-**	634	**-**	-
- Land held for property development	**753**	55,836	**-**	-
- Inventories	**-**	248	**-**	-
- Associates	**10,134**	-	**-**	-
Loss on disposal of property, plant and equipment	**710**	205	**1**	-
Rental of buildings	**5,742**	4,604	**2,892**	1,988
Staff cost (includes Directors' remuneration as disclosed in Note 7 but excludes defined contribution plan)	**74,131**	72,250	**16,075**	15,679
Defined contribution plan	**7,849**	7,407	**1,800**	1,642
Foreign exchange loss – unrealised	**5,930**	6,860	**1,404**	-
Write off of property, plant and equipment	**328**	205	**-**	-
Write off of investment properties	**-**	4,616	**-**	-
Provision for liquidated damages	**-**	2,116	**-**	2,116
and crediting:				
Bad debts recovered:				
- Trade and other receivables	**189**	394	**35**	282
Reversal of allowance for doubtful debts:				
- Trade and other receivables	**2,592**	-	**-**	-
- Amount owing by subsidiaries	**-**	-	**24,369**	-
Dividends (gross) from:				
- Quoted subsidiary in Malaysia	**-**	-	**39,162**	50,872
- Unquoted subsidiaries in Malaysia	**-**	-	**50,245**	50,500
- Unquoted associates in Malaysia	**-**	-	**8,000**	-
- Marketable securities	**4,500**	191	**4,500**	191
Interest income:				
- Subsidiaries	**-**	-	**16,980**	3,449
- Others	**10,765**	14,077	**6,326**	7,590
Profit on disposal of property, plant and equipment	**97**	1,123	**-**	-
Foreign exchange gain - unrealised	**1,156**	11,462	**-**	4,834
Rental income	**144**	167	**-**	-

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

6. Profit from operations (continued)

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
and crediting (continued):				
Reversal of impairment loss:				
- marketable securities	**23,025**	-	**23,025**	-
- property, plant and equipment	**6,000**	-	**-**	-
Gain on voluntary liquidation of an associate	**-**	1,090	**-**	-
Gain on disposal of shares in a subsidiary	**-**	192	**-**	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM184,254,000 (2008: RM133,911,000).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM20,000 (2008: RM20,000).

7. Directors' remuneration

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Fees:				
- Directors of the Company	**260**	260	**260**	260
- Directors of subsidiaries	**210**	200	**-**	-
Other emoluments:				
- Directors of the Company	**3,012**	3,500	**3,012**	3,500
- Directors of subsidiaries	**4,122**	4,047	**-**	-
Defined contribution plan	**761**	733	**344**	323
Benefits-in-kind	**134**	201	**90**	91
	8,499	8,941	**3,706**	4,174

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

8. Finance cost

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Interest expense on borrowings	**53,666**	52,210	**13,785**	11,781
Interest expense on amount owing to subsidiaries	**-**	-	**3,732**	2,750
Accretion of discount on bonds	**1,254**	1,254	**-**	-
Other financing costs	**2,222**	2,359	**50**	-
	57,142	55,823	**17,567**	14,531

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

9. Tax expense

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Current tax:				
- Malaysian tax	**41,510**	38,601	**14,241**	8,362
- foreign tax	**90**	136	**-**	-
Deferred tax (Note 16)	**716**	(3,242)	**520**	-
	42,316	35,495	**14,761**	8,362
Current tax				
Current financial year	**57,079**	55,689	**17,400**	9,420
Over accrual in prior financial years	**(15,479)**	(16,952)	**(3,159)**	(1,058)
	41,600	38,737	**14,241**	8,362
Deferred tax				
Origination and reversal of temporary differences	**716**	(3,242)	**520**	-
	42,316	35,495	**14,761**	8,362

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

	Group		Company	
	2009	2008	**2009**	2008
	%	%	**%**	%
Reconciliation between the average effective tax rate and the Malaysian income tax rate				
Malaysian income tax rate	**25**	26	**25**	26
Tax effects of :				
- share of results of jointly controlled entities and associates	**(3)**	(6)	**-**	-
- expenses not deductible for tax purposes	**18**	40	**1**	10
- income not subject to tax	**(13)**	(32)	**(14)**	(24)
- current financial year's tax loss not recognised	**-**	1	**-**	-
- utilisation of previously unrecognised tax losses	**(1)**	(4)	**-**	-
- tax incentives	**-**	(1)	**-**	-
- over accrual in prior financial years	**(7)**	(7)	**(2)**	(1)
Average effective tax rate	**19**	17	**10**	11

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

	Group	
	2009	2008
	RM'000	RM'000
Tax losses:		
Tax savings as a result of the utilisation of tax losses brought forward for which the related credit is recognised during the year	1,078	8,505

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

10. Earnings per ordinary share

(a) Basic earnings per ordinary share

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

	2009	2008
Profit attributable to the equity holders of the Company (RM'000)	**158,978**	154,960
Weighted average number of ordinary shares in issue ('000)	**1,465,632**	1,480,908
Basic earnings per ordinary share (sen)	**10.85**	10.46

(b) Diluted earnings per ordinary share

In the diluted earnings per ordinary share calculation in the preceding financial year, the calculation is done in respect of share options to determine the number of ordinary shares that could have been acquired at market price (determined as the average annual share price of the Company's share) based on the monetary value of the conversion rights attached to share options for the period which they are outstanding up to the date of expiry of the ESOS on 24 June 2008. This calculation serves to determine the 'bonus' element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to profit for the financial year for the share options calculation. During the financial year, the Group does not have in issue any financial instruments or other contracts that may entitle its holder to ordinary shares and therefore dilute its basic earnings per share.

	2008
Profit attributable to the equity holders of the Company (RM'000)	154,960
Weighted average number of ordinary shares in issue ('000)	1,480,908
Adjustments for share options ('000)	84
Weighted average number of ordinary shares for diluted earnings per ordinary share ('000)	1,480,992
Diluted earnings per ordinary share (sen)	10.46

11. Dividends

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

	Group and Company			
	2009		2008	
	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 2.5% less tax at 26% and 2.5% tax exempt for financial year 2007	-	-	2.50	32,199
Paid interim dividend of 2.5% less tax at 26% and 2.5% tax exempt for financial year 2008	-	-	2.50	32,105
Dividend per share recognised as distribution to ordinary equity holders of the Company	-	-	5.00	64,304

On 25 February 2010, the Directors have declared an interim dividend in respect of the financial year ended 31 December 2009 of 5% less tax at 25% paid on 15 April 2010 to every member who is entitled to receive the dividend as at 4.00 pm on 15 March 2010. The interim dividend has not been recognised in the Statement of Changes in Equity as it was declared subsequent to the financial year.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

12. Share capital

	Group and Company 2009 RM'000	2008 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	**745,148**	744,862
Issued during the year:		
- exercise of ESOS	**-**	286
At 31 December	**745,148**	745,148

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

In the previous financial year, the Company's issued and fully paid-up share capital was increased from RM744,862,004 to RM745,148,004 by way of the following issue of shares:

Issue of shares	No. of shares	Nominal value RM
Exercise of ESOS (exercise prices RM0.93 – RM1.05)	572,000	286,000

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

(b) Treasury shares

Shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 27 May 2009, renewed the approval of the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 8,082,100 of its own shares and at 31 December 2009, a total of 30,338,200 ordinary shares were held as treasury shares.

2009	Number of shares	Total cost RM	Purchase price per share RM Lowest	Highest	Average cost per share RM
As at beginning of financial year	**22,256,100**	**35,005,025**	**1.15**	**2.82**	**1.57**
March	1,000,000	1,404,820	1.40	1.40	1.40
June	10,000	16,822	1.67	1.67	1.68
October	7,062,100	12,026,944	1.69	1.70	1.70
November	10,000	20,449	2.03	2.03	2.04
Repurchased during the year	8,082,100	13,469,035	-	-	-
As at end of financial year	**30,338,200**	**48,474,060**	**1.15**	**2.82**	**1.60**

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

12. Share capital (continued)

(b) Treasury shares (continued)

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

As at the balance sheet date, the number of outstanding shares in issue after setting off treasury shares against equity is 1,459,957,807 (2008: 1,468,039,907).

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

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

The ESOS has expired on 24 June 2008 and the remaining unexercised ESOS on that date is 194,000.

The salient features of the ESOS were as follows:

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

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

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

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

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

In the previous financial year, the movements in the number of options over the shares of the Company were as follows:

			No. of shares				
Grant date	**Expiry date**	**Exercise price**	**At 1 January 2008**	**Granted**	**Exercised**	**Lapsed**	**At 31 December 2008**
		RM/share	**'000**	**'000**	**'000**	**'000**	**'000**
2008							
15.8.2003	24.6.2008	0.93	701	-	(567)	(134)	-
10.6.2004	24.6.2008	1.05	65	-	(5)	(60)	-
		Total	766	-	(572)	(194)	-

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

13. Revaluation and other reserves
Group

The revaluation and other reserves comprise:

	Surplus on revaluation of properties RM'000	Share of revaluation reserves in an associate RM'000	Capital distribution in-specie of KrisAssets shares RM'000	Exchange fluctuation reserve RM'000	Capitalisation of revenue reserves in an associate RM'000	Capital redemption reserve RM'000	Total RM'000
2009							
At 1 January	**87,691**	**69,918**	**183,019**	**(31,690)**	**-**	**23,268**	**332,206**
Currency translation differences	**-**	**-**	**-**	**13,586**	**-**	**-**	**13,586**
Revaluation surplus on property, plant and equipment	**9,041**	**-**	**-**	**-**	**-**	**-**	**9,041**
Deferred tax on revaluation surplus on property, plant and equipment	**(310)**	**-**	**-**	**-**	**-**	**-**	**(310)**
Realisation of revaluation surplus on property, plant and equipment, net of tax	**(859)**	**(238)**	**-**	**-**	**-**	**-**	**(1,097)**
Creation of a capital redemption reserve upon redemption of redeemable preference shares by a subsidiary	**-**	**-**	**-**	**-**	**-**	**25**	**25**
At 31 December	**95,563**	**69,680**	**183,019**	**(18,104)**	**-**	**23,293**	**353,451**
2008							
At 1 January	84,883	68,448	183,019	(1,315)	686	243	335,964
Reversal of deferred tax arising from change in tax rate	3,800	1,779	-	-	-	-	5,579
Currency translation differences	-	-	-	(30,375)	-	-	(30,375)
Realisation of reserves upon liquidation of a foreign associate	-	-	-	-	(686)	-	(686)
Realisation of revaluation surplus on property, plant and equipment, net of tax	(992)	(309)	-	-	-	-	(1,301)
Creation of a capital redemption reserve upon redemption of redeemable preference shares by a subsidiary	-	-	-	-	-	23,025	23,025
At 31 December	87,691	69,918	183,019	(31,690)	-	23,268	332,206

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

14. 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 RM284,849,000 (2008: RM286,753,000) out of its retained earnings of approximately RM1,479,962,000 as at 31 December 2009 (2008: RM1,352,396,000) without incurring any additional tax liabilities. The Company also has tax exempt income as at 31 December 2009 amounting to RM8,912,000 (2008: RM8,912,000) available for distribution as tax exempt dividends to shareholders.

15. Borrowings

		Group		Company	
	Note	**2009**	2008	**2009**	2008
		RM'000	RM'000	**RM'000**	RM'000
Secured					
Term loans	15(a)	**500,000**	550,000	**200,000**	250,000
Redeemable secured bonds	15(b)	**250,000**	290,000	**-**	-
Bank guaranteed bonds	15(c)	**198,777**	197,522	**-**	-
		948,777	1,037,522	**200,000**	250,000
Non-secured					
Term loans	15(a)	**6,693**	9,564	**-**	-
Revolving credits		**19,375**	30,000	**-**	-
		26,068	39,564	**-**	-
Total repayable		**974,845**	1,077,086	**200,000**	250,000

Currency exposure profile of borrowings is as follow:

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
- US Dollar	**6,693**	9,564	**-**	-
- Ringgit Malaysia	**968,152**	1,067,522	**200,000**	250,000
	974,845	1,077,086	**200,000**	250,000

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

15. Borrowings (continued)

As at the balance sheet date, the weighted average effective rates for the bank borrowings is as follows:

	Group		Company	
	2009	2008	**2009**	2008
	% per annum	% per annum	**% per annum**	% per annum
Weighted average effective interest rates at balance sheet date:				
Revolving credits	**3.22**	3.54	**-**	-
Term loans	**5.32**	5.38	**5.84**	5.84
Redeemable secured bonds	**5.75**	5.75	**-**	-
Bank guaranteed bonds	**4.00**	4.00	**-**	-

Estimated fair values

The fair values of term loans, bonds, revolving credits and bank overdrafts are as follows:

	Group			
	2009		2008	
	Carrying amount RM'000	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Term loans	**506,693**	**510,302**	559,564	485,145
Redeemable secured bonds	**250,000**	**263,560**	290,000	308,000
Bank guaranteed bonds	**198,777**	**198,900**	197,522	197,150
Revolving credits	**19,375**	**19,375**	30,000	30,000
	974,845	**992,137**	1,077,086	1,020,295

	Company			
	2009		2008	
	Carrying amount RM'000	**Fair value RM'000**	Carrying amount RM'000	Fair value RM'000
Term loan	**200,000**	**193,597**	250,000	203,704
	200,000	**193,597**	250,000	203,704

(a) Term loans

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Current:				
Secured	**10,000**	50,000	**-**	50,000
Unsecured	**4,116**	2,781	**-**	-
	14,116	52,781	**-**	50,000
Non-current:				
Secured	**490,000**	500,000	**200,000**	200,000
Unsecured	**2,577**	6,783	**-**	-
	492,577	506,783	**200,000**	200,000
Total repayable	**506,693**	559,564	**200,000**	250,000

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

15. Borrowings (continued)

(a) Term loans (continued)

Currency profile of term loans

The currency exposure profile of term loans is as follows:

	Group 2009 RM'000	Group 2008 RM'000
- US Dollar	**6,693**	9,564
- Ringgit Malaysia	**500,000**	550,000
	506,693	559,564

The term loan of RM300,000,000 (2008: RM300,000,000) of a subsidiary is secured by way of deposit of master title of an investment property (Note 19) and deposits with licensed bank (Note 29).

The maturity of term loans is as follows:

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

15. Borrowings (continued)

(a) Term loans (continued)

Group	Currency	Fixed interest rate <1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000	Floating interest rate <1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	Total RM'000
At 31 December 2008											
Secured											
Term loan	RM	50,000	10,000	60,000	60,000	170,000	200,000	-	-	-	550,000
Unsecured											
Term loan	USD	-	-	-	-	-	-	2,781	4,171	2,612	9,564
		50,000	10,000	60,000	60,000	170,000	200,000	2,781	4,171	2,612	559,564
Company											
At 31 December 2008											
Secured											
Term loan	RM	50,000	-	-	-	-	200,000	-	-	-	250,000

(b) Redeemable secured bonds

	Group 2009 RM'000	Group 2008 RM'000
Current:		
Secured	**50,000**	40,000
Non-current:		
Secured	**200,000**	250,000
	250,000	290,000

<u>Currency profile of redeemable secured bonds</u>

The currency exposure profile of redeemable secured bonds is as follows:

	Group 2009 RM'000	Group 2008 RM'000
- Ringgit Malaysia	**250,000**	290,000

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

15. Borrowings (continued)

(b) Redeemable secured bonds (continued)

The maturity of the redeemable secured bonds is as follows:

Group	Fixed interest rate <1 year RM'000	1 – 2 years RM'000	2 - 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000	Total RM'000
At 31 December 2009							
- Redeemable secured bonds	**50,000**	**50,000**	**50,000**	**50,000**	**50,000**	**-**	**250,000**
At 31 December 2008							
- Redeemable secured bonds	40,000	50,000	50,000	50,000	50,000	50,000	290,000

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

The MVCap Bonds are secured as follows:

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

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

(c) Bank guaranteed bonds

	Group 2009 RM'000	2008 RM'000
Non-current:		
Unsecured	**198,777**	197,522

<u>Currency profile of bank guaranteed bonds</u>

The currency exposure profile of bank guaranteed bonds is as follows:

	Group 2009 RM'000	2008 RM'000
- Ringgit Malaysia	**198,777**	197,522

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

15. Borrowings (continued)

(c) Bank guaranteed bonds (continued)

The maturity of the bank guaranteed bonds are as follows:

Group	<1 year RM'000	1 – 2 years RM'000	2 - 3 year RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Total RM'000
At 31 December 2009						
- Bank guaranteed bonds	**-**	**-**	**198,777**	**-**	**-**	**198,777**
At 31 December 2008						
- Bank guaranteed bonds	-	-	-	197,522	-	197,522

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

The BG Bonds are secured as follows:

(a) Third party third legal charge over Mid Valley Megamall (Note 19);

(b) Third ranking legal assignment created by a subsidiary of KrisAssets Holdings Berhad, Mid Valley City Sdn Bhd, over all its insurance policies; and

(c) Debenture to create a third-ranking fixed and floating charge over all of Mid Valley City Sdn Bhd's assets and undertakings, both present and future.

16. Deferred taxation

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

	Group		Company	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
Deferred tax assets	**14,875**	10,522	**-**	520
Deferred tax liabilities:				
- subject to income tax	**(82,036)**	(81,546)	**-**	-
At 31 December	**(67,161)**	(71,024)	**-**	520

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

16. Deferred taxation (continued)

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January		**(71,024)**	(89,683)	**520**	520
Credited/(charged) to income statement:	9				
- property, plant and equipment		**(1,763)**	4,216	**80**	-
- property development costs		**797**	812	**-**	-
- tax losses		**(172)**	(1,167)	**-**	-
- others		**422**	(619)	**(600)**	-
		(716)	3,242	**(520)**	-
- realisation of deferred tax on disposal of an associate		**-**	558	**-**	-
- realisation of deferred tax on impairment of assets		**4,603**	10,075	**-**	-
Charged to equity:					
- reversal of deferred tax arising from change in tax rate		**-**	3,800	**-**	-
- realisation of deferred tax on property, plant and equipment		**286**	984	**-**	-
- deferred tax on revaluation surplus on property, plant and equipment		**(310)**	-	**-**	-
At 31 December		**(67,161)**	(71,024)	**-**	520

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Subject to income tax				
Deferred tax assets (before offsetting)				
- Property, plant & equipment	**13,002**	8,932	**-**	-
- Tax losses	**5**	177	**-**	-
- Others	**2,010**	1,588	**-**	600
	15,017	10,697	**-**	600
Offsetting	**(142)**	(175)	**-**	(80)
Deferred tax assets (after offsetting)	**14,875**	10,522	**-**	520

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

16. Deferred taxation (continued)

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(76,628)**	(70,771)	**-**	80
- Property development costs	**(4,443)**	(9,843)	**-**	-
- Land held for property development	**(990)**	(990)	**-**	-
- Others	**(117)**	(117)	**-**	-
	(82,178)	(81,721)	**-**	80
Offsetting	**142**	175	**-**	(80)
Deferred tax liabilities (after offsetting)	**(82,036)**	(81,546)	**-**	-

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

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Deductible temporary differences	**273**	164	**801**	-
Tax losses	**54,382**	54,720	**-**	-
	54,655	54,884	**801**	-
Deferred tax assets not recognised at 25% (2008:25%)	**13,664**	13,721	**200**	-

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

17. Property, plant and equipment

Group

2009	Note	Freehold land RM'000	Hotel properties: Freehold land RM'000	Hotel properties: Hotel buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work in progress RM'000	Total RM'000
At 1 January										
At cost		9,495	-	148,294	36,313	76,822	7,212	216,669	121,343	616,148
At valuation		18,200	88,577	210,929	-	-	-	-	-	317,706
Additions		-	-	21,140	-	11,230	291	66,437	5,838	104,936
Currency translation differences		-	-	-	(442)	(277)	(4)	(97)	-	(820)
Reclassification		-	-	64,347	-	23,678	-	(17,285)	(70,740)	-
Write off		-	-	-	-	-	(3)	(494)	-	(497)
Disposals		-	-	-	-	(1,863)	(733)	(464)	(48)	(3,108)
At 31 December		27,695	88,577	444,710	35,871	109,590	6,763	264,766	56,393	1,034,365
Accumulated depreciation										
At 1 January		-	-	16,811	3,944	41,072	5,043	81,957	-	148,827
Charge for the financial year		-	-	5,849	1,187	7,937	788	23,574	-	39,335
Currency translation differences		-	-	-	(176)	(130)	(4)	(80)	-	(390)
Reclassification		-	-	(310)	7,802	(7,461)	-	(31)	-	-
Write off		-	-	-	-	-	(3)	(166)	-	(169)
Disposals		-	-	-	-	(1,027)	(534)	(380)	-	(1,941)
At 31 December		-	-	22,350	12,757	40,391	5,290	104,874	-	185,662
Accumulated impairment losses										
At 1 January		-	-	6,000	21,020	-	-	-	-	27,020
Reversal of impairment		-	-	(6,000)	-	-	-	-	-	(6,000)
At 31 December		-	-	-	21,020	-	-	-	-	21,020
Net book value										
At 31 December 2009										
At cost		9,495	-	204,546	2,094	69,199	1,473	159,892	56,393	503,092
At valuation		18,200	88,577	217,814	-	-	-	-	-	324,591
		27,695	88,577	422,360	2,094	69,199	1,473	159,892	56,393	827,683

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

17. Property, plant and equipment (continued)

Group

2008	Note	Freehold land RM'000	Hotel properties: Freehold land RM'000	Hotel properties: Hotel buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work in progress RM'000	Total RM'000
At 1 January										
At cost		10,075	-	55,070	56,788	81,627	7,138	130,935	450,051	791,684
At valuation		18,200	88,577	206,225	-	-	-	-	-	313,002
Additions		-	-	157	-	9,185	755	83,230	75,275	168,602
Currency translation differences		-	-	-	1,565	976	13	345	-	2,899
Reclassification		-	-	97,973	229	7,100	-	7,121	(112,423)	-
Transferred to investment properties	19	-	-	-	(22,269)	(20,387)	-	-	(291,560)	(334,216)
Disposal of subsidiary		-	-	-	-	-	(80)	(190)	-	(270)
Write off		-	-	-	-	(11)	(105)	(934)	-	(1,050)
Disposals		(580)	-	(202)	-	(1,668)	(509)	(3,838)	-	(6,797)
At 31 December		27,695	88,577	359,223	36,313	76,822	7,212	216,669	121,343	933,854
Accumulated depreciation										
At 1 January		-	-	10,019	8,225	42,538	4,658	62,730	-	128,170
Charge for the financial year		-	-	6,834	1,132	5,251	963	19,555	-	33,735
Currency translation differences		-	-	-	502	371	13	285	-	1,171
Transferred to investment properties	19	-	-	-	(5,371)	(6,090)	-	-	-	(11,461)
Reclassification		-	-	(42)	(544)	317	-	269	-	-
Disposal of subsidiary		-	-	-	-	-	(50)	(98)	-	(148)
Write off		-	-	-	-	-	(113)	(732)	-	(845)
Disposals		-	-	-	-	(1,315)	(428)	(52)	-	(1,795)
At 31 December		-	-	16,811	3,944	41,072	5,043	81,957	-	148,827
Accumulated impairment losses										
At 1 January/31 December		-	-	6,000	21,020	-	-	-	-	27,020
Net book value										
At 31 December 2008										
At cost		9,495	-	149,097	11,349	35,750	2,169	134,712	121,343	463,915
At valuation		18,200	88,577	187,315	-	-	-	-	-	294,092
		27,695	88,577	336,412	11,349	35,750	2,169	134,712	121,343	758,007

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

17. Property, plant and equipment (continued)

Company 2009	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Total RM'000
At cost					
At 1 January	**1,932**	**5,621**	**2,283**	**8,599**	**18,435**
Additions	**-**	**-**	**-**	**263**	**263**
Disposals	**-**	**-**	**(662)**	**(6)**	**(668)**
At 31 December	**1,932**	**5,621**	**1,621**	**8,856**	**18,030**
Accumulated depreciation					
At 1 January	**503**	**5,621**	**1,373**	**4,293**	**11,790**
Charge for the financial year	**39**	**-**	**268**	**1,412**	**1,719**
Disposals	**-**	**-**	**(501)**	**(5)**	**(506)**
At 31 December	**542**	**5,621**	**1,140**	**5,700**	**13,003**
Net book value					
At 31 December 2009	**1,390**	**-**	**481**	**3,156**	**5,027**
2008					
At cost					
At 1 January	1,932	5,621	2,027	5,173	14,753
Additions	-	-	256	3,426	3,682
At 31 December	1,932	5,621	2,283	8,599	18,435
Accumulated depreciation					
At 1 January	463	5,580	1,013	3,096	10,152
Charge for the financial year	40	41	360	1,197	1,638
At 31 December	503	5,621	1,373	4,293	11790
Net book value					
At 31 December 2008	1,429	-	910	4,306	6,645

(a) Freehold land

The freehold land of Pangkor Island Resort Sdn. Bhd., a subsidiary of the Company, stated at valuation was revalued during the financial year ended 31 December 2006 by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia, and a partner with Khong & Jaafar Sdn Bhd. The valuation was arrived at by the Comparison Method of Valuation where reference was made to sales transactions as well as selling prices of similar properties in the neighbourhood. Based on this valuation, the value of the freehold land was RM18,200,000 as compared to its carrying value of RM26,998,000. The deficit of RM8,798,000 had been accounted for by reversing previous revaluation surplus of RM8,798,000 for the same asset.

(b) Hotel properties

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

17. Property, plant and equipment (continued)

(b) Hotel properties (continued)

(i) The hotel building and freehold land of Pangkor Island Resort Sdn. Bhd., a subsidiary of the Company, stated at valuation was revalued during the financial year ended 31 December 2006 by an independent qualified valuer, Elvin Fernandez, a member of the Institute of Surveyors, Malaysia and a partner with Khong & Jaafar Sdn Bhd. The valuation was arrived at by the Comparison Method of Valuation where reference was made to similar resorts.

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

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

(ii) The hotel building of Tanah Permata Sdn. Bhd., a subsidiary of the Company, stated at valuation was revalued during the financial year ended 31 December 2006 by an independent qualified valuer, Mr Subramaniam A/L Arumugam, a registered valuer of Colliers, Jordan Lee & Jaafar Sdn Bhd using the comparison method to reflect the market value of the hotel building.

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

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

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

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

	Group	
	2009	2008
	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	**74,744**	74,744
- buildings	**119,873**	117,205
	194,617	191,949
Net book value of assets pledged as security for borrowings (Note 15):		
- hotel properties	**43,299**	45,167

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

18. Property development activities

(a) Land held for property development

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Freehold land		**185,889**	140,261	**6,345**	6,345
Leasehold land		**33,100**	33,100	**-**	-
Development costs		**105,836**	103,445	**830**	207
		324,825	276,806	**7,175**	6,552
Add: Costs incurred during the financial year:					
- Land costs		**-**	17,486	**-**	-
- Development costs		**21,790**	2,393	**1,086**	623
Add: Transferred from property development costs:					
- Land costs	18(b)	**-**	27,442	**-**	-
		346,615	324,127	**8,261**	7,175
Less: Transferred to property development costs					
- Land costs		**(9,204)**	-	**-**	-
- Development costs		**(1,947)**	-	**-**	-
Less: Compulsory acquisition		**(128)**	(55)	**-**	-
Less: Accumulated impairment losses		**(68,184)**	(67,431)	**-**	-
		267,152	256,641	**8,261**	7,175

(b) Property development costs

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Freehold land	**115,388**	172,109	**-**	9,444
Leasehold land	**14,314**	14,314	**-**	-
Development costs	**109,001**	317,641	**-**	134,283
	238,703	504,064	**-**	143,727
Add: Costs incurred during the financial year:				
- Development costs	**62,027**	119,190	**-**	77,589
Add: Transferred from land held for property development:				
- Land costs	**9,204**	-	**-**	-
- Development costs	**1,947**	-	**-**	-
	311,881	623,254	**-**	221,316
Less: Accumulated costs recognised as an expense in income statement	**(206,215)**	(361,410)	**-**	(216,274)
Less: Reversal of completed projects:				
- Land costs	**(306)**	(19,837)	**-**	-
- Development costs	**(9,591)**	(115,958)	**-**	-

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

18. Property development activities (continued)

(b) Property development costs (continued)

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Less: Transferred to land held for property development:					
- Land costs	18(a)	**-**	(27,442)	**-**	-
Transferred to inventories		**-**	(5,042)	**-**	(5,042)
		95,769	93,565	**-**	-

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Freehold land	**115,082**	152,272	**-**	9,444
Leasehold land	**14,314**	14,314	**-**	-
Development costs	**161,437**	320,873	**-**	211,872
Transferred from land held for property development	**11,151**	-	**-**	-
Accumulated costs recognised as an expense in income statement	**(206,215)**	(361,410)	**-**	(216,274)
Transferred to inventories	**-**	(5,042)	**-**	(5,042)
Transferred to land held for property development	**-**	(27,442)	**-**	-
	95,769	93,565	**-**	-

19. Investment properties

Group	Freehold land RM'000	Buildings RM'000	Building fittings RM'000	Total RM'000
2009				
At cost				
At 1 January	**107,935**	**1,355,629**	**359,465**	**1,823,029**
Additions	**-**	**507**	**14**	**521**
At 31 December	**107,935**	**1,356,136**	**359,479**	**1,823,550**
Accumulated depreciation				
At 1 January	**-**	**119,287**	**176,479**	**295,766**
Charge for the financial year	**-**	**28,182**	**34,714**	**62,896**
At 31 December	**-**	**147,469**	**211,193**	**358,662**
Net book value				
31 December 2009	**107,935**	**1,208,667**	**148,286**	**1,464,888**

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

19. Investment properties (continued)

Group	Note	Freehold land RM'000	Buildings RM'000	Building fittings RM'000	Total RM'000
2008					
At cost					
At 1 January		107,935	1,103,820	247,299	1,459,054
Transferred from property, plant and equipment	17	-	240,917	93,299	334,216
Transferred from long term prepaid lease	20	-	8,475	-	8,475
Additions		-	2,417	24,167	26,584
Write off		-	-	(5,300)	(5,300)
At 31 December		107,935	1,355,629	359,465	1,823,029
Accumulated depreciation					
At 1 January		-	88,668	135,289	223,957
Transferred from property, plant and equipment	17	-	5,371	6,090	11,461
Charge for the financial year		-	25,248	35,784	61,032
Write off		-	-	(684)	(684)
At 31 December		-	119,287	176,479	295,766
Net book value					
31 December 2008		107,935	1,236,342	182,986	1,527,263

The fair value of the investment properties above were estimated at RM3,557,315,000 (2008: RM3,507,315,000) based on either valuations by independent qualified valuers or management's estimates. Valuations were based on current prices in an active market for certain properties and where appropriate, the investment method reflecting receipt of contractual rentals, expected future market rentals, current market yields, void periods, sinking funds and maintenance requirements and approximate capitalisation rates is used. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

Investment property with net book value RM343,860,000 (2008: RM369,008,000) have been charged as security for borrowings as disclosed in Note 15; in addition, the master title of an investment property with net book value of RM492,127,000 (2008: RM508,450,000) had been deposited with a licensed bank for the security of a term loan as disclosed in Note 15.

20. Long term prepaid lease

	Note	Group 2009 RM'000	Group 2008 RM'000
At cost			
At 1 January		**216,115**	223,614
Additions		**-**	659
Transferred to investment property	19	**-**	(8,475)
Foreign exchange difference		**(89)**	317
At 31 December		**216,026**	216,115
Accumulated amortisation			
At 1 January		**9,258**	6,775
Current year amortisation		**2,397**	2,380
Foreign exchange difference		**(30)**	103
At 31 December		**11,625**	9,258
Net book value			
At 31 December		**204,401**	206,857

Long term prepaid lease with net book value of RM96,303,000 (2008: RM97,347,000) has been charged as security for borrowings as disclosed in Note 15.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

21. Subsidiaries

	Company	
	2009	2008
	RM'000	RM'000
At cost		
- Quoted shares	**645,793**	670,793
- Quoted warrants	**4,998**	4,998
- Unquoted shares	**1,259,712**	1,097,113
	1,910,503	1,772,904
Less: Accumulated impairment losses	**(3,445)**	(3,096)
	1,907,058	1,769,808
Market value of quoted shares	**1,073,153**	643,576
Market value of quoted warrants	**49,988**	33,326

Details of subsidiaries are set out in Note 37.

22. Associates

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
At cost				
- Unquoted shares in Malaysia	**242,389**	251,602	**130,582**	130,582
- Unquoted shares outside Malaysia	**25,059**	28,453	**-**	-
	267,448	280,055	**130,582**	130,582
Group's share of revaluation surplus	**69,680**	70,394	**-**	-
Group's share of post acquisition reserves less losses	**225,930**	194,099	**-**	-
	563,058	544,548	**130,582**	130,582
Less: Impairment losses	**(12,334)**	(2,200)	**(2,200)**	(2,200)
	550,724	542,348	**128,382**	128,382

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

	Group	
	2009	2008
	RM'000	RM'000
Revenue	**207,136**	195,149
Profit after tax	**27,833**	44,859
Non-current assets	**665,184**	707,309
Current assets	**287,627**	264,247
Current liabilities	**(238,045)**	(274,495)
Non-current liabilities	**(151,708)**	(152,513)
Net assets	**563,058**	544,548
Less: Accumulated impairment losses	**(12,334)**	(2,200)
	550,724	542,348

Details of associates are set out in Note 38.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

23. Other investments

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Unquoted shares				
- In Malaysia	**11,784**	11,784	**3,900**	3,900
- Outside Malaysia	**44,166**	46,792	**-**	-
	55,950	58,576	**3,900**	3,900
Less: Accumulated impairment losses	**(49,738)**	(52,364)	**(1,838)**	(1,838)
	6,212	6,212	**2,062**	2,062

24. Inventories

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Inventories of unsold properties	**63,488**	64,228	**38,224**	38,791
Finished goods	**-**	5	**-**	-
Hotel operating supplies	**1,592**	1,209	**-**	-
At net realisable value	**65,080**	65,442	**38,224**	38,791
Inventories of unsold properties	**297**	2,183	**-**	-
	65,377	67,625	**38,224**	38,791

25. Marketable securities

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Quoted shares				
- In Malaysia	**61,383**	61,383	**61,383**	61,383
Less: Accumulated impairment losses	**(1,337)**	(23,827)	**(1,337)**	(23,827)
	60,046	37,556	**60,046**	37,556
Market value				
Quoted shares				
- In Malaysia	**60,477**	37,556	**60,477**	37,556

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

26. Trade and other receivables

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**66,366**	93,477	**7,530**	12,760
Less: Allowance for doubtful debts	**(12,290)**	(16,209)	**(595)**	(924)
	54,076	77,268	**6,935**	11,836
Other receivables	**20,232**	28,260	**15,145**	15,897
Less: Allowance for doubtful debts	**(5,810)**	(5,810)	**(5,810)**	(5,810)
	14,422	22,450	**9,335**	10,087
Accrued billings	**40,031**	36,852	**60**	6,860
Dividend receivable	**-**	-	**18,565**	60,907
Sundry deposits	**8,642**	9,486	**1,820**	1,887
Prepayments	**11,928**	12,448	**-**	-
	129,099	158,504	**36,715**	91,577
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	**65,023**	92,289	**7,530**	12,760
- US Dollar	**1,343**	1,188	**-**	-
	66,366	93,477	**7,530**	12,760

Credit terms of trade receivables of the Group and Company range from payment in advance to 45 days (2008: payment in advance to 45 days).

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

27. Amounts owing by/to subsidiaries

	Company	
	2009	2008
	RM'000	RM'000
Amounts owing by subsidiaries	**316,920**	985,568
Less: Allowance for doubtful debts	**(2,629)**	(40,415)
	314,291	945,153
Amounts owing to subsidiaries	**20,991**	748,777

The amounts owing by/to subsidiaries represent advances which are unsecured and have no fixed terms of repayment. The amounts owing by subsidiaries are interest free (2008: interest free) except for an amount of RM245,680,000 (2008: RM84,299,000), which carries interest at a rate of 3.75% (2008: 3.75%) per annum. The amounts owing to subsidiaries are interest free (2008: interest free) except for an amount of RM575,000 (2008: RM170,908,000), which carries interest at a rate of 2.0% (2008: 3.0%) per annum.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

28. Amounts owing by/to associates

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Amounts owing by associates	**124,567**	122,397	**101,814**	101,884
Less: Allowance for doubtful debts	**(3,477)**	(3,477)	**(3,477)**	(3,477)
	121,090	118,920	**98,337**	98,407
Amounts owing to associates	**25,583**	24,386	**-**	-

The amounts owing by/to associates represent advances, which are unsecured, interest free (2008: interest free) and have no fixed terms of repayment.

29. Cash and cash equivalents

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

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**542,587**	528,954	**234,774**	320,366
Cash and bank balances	**103,666**	127,184	**17,529**	89,195
	646,253	656,138	**252,303**	409,561
The currency exposure profile of cash and cash equivalents is as follows:				
- Ringgit Malaysia	**493,974**	501,266	**146,718**	301,442
- US Dollar	**107,922**	110,774	**105,585**	108,119
- Singapore Dollar	**3,403**	3,275	**-**	-
- Hong Kong Dollar	**36,966**	37,123	**-**	-
- Australian Dollar	**3,988**	3,700	**-**	-
	646,253	656,138	**252,303**	409,561

Included in the above is cash and bank balances amounting to RM51,864,000 (2008: RM94,795,000) and RM11,814,000 (2008: RM85,708,000) for the Group and Company respectively, which are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the property development projects of the Group and Company.

Included in the above is cash and cash equivalents amounting to RM182,756,000 (2008: RM163,548,000) for the Group assigned as security pursuant to the redeemable secured bonds, term loan and bank guaranteed bonds of certain subsidiaries (Note 15).

Deposits with licensed banks of the Group and Company at the balance sheet date have an average maturity period of 41 days (2008: 31 days) and 29 days (2008: 31 days) respectively. Bank balances are deposits held at call with banks and earn no interest except for bank balances which are maintained in designated Housing Development Accounts, of which the weighted average interest rate as at the balance sheet date is 2% (2008: 2%) per annum.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

29. Cash and cash equivalents (continued)

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

	Group		Company	
	2009	2008	**2009**	2008
	% per annum	% per annum	**% per annum**	% per annum
Deposits with licensed banks				
- Ringgit Malaysia	**1.99**	3.14	**2.03**	3.19
- US Dollar	**0.14**	0.33	**0.14**	0.33
- Singapore Dollar	**0.10**	0.35	**-**	-
- Hong Kong Dollar	**0.70**	2.01	**-**	-
- Australian Dollar	**2.50**	3.84	**-**	-

30. Trade and other payables

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**215,359**	290,836	**21,716**	39,453
Accruals	**97,859**	64,230	**3,975**	4,122
Other payables	**32,516**	68,617	**3,332**	4,289
Tenants' deposits received	**49,893**	49,645	**1,105**	1,191
	395,627	473,328	**30,128**	49,055
The currency exposure profile of trade payables is as follows:				
- Ringgit Malaysia	**203,834**	279,932	**21,716**	39,453
- US Dollar	**11,525**	10,904	**-**	-
	215,359	290,836	**21,716**	39,453

Credit terms of trade payables vary from no credit to 30 days (2008: no credit to 30 days).

Included in the trade payables of the Group is retention on contract sum of RM27,609,000 (2008: RM34,850,000).

Included in accruals is the balance of the consideration for the acquisition of an investment property of RM208,000 and the balance of the consideration for the acquisition of property, plant and equipment of RM2,676,000.

31. Amount owing (to)/by a jointly controlled entity

	Group	
	2009	2008
	RM'000	RM'000
Amount owing to a jointly controlled entity	**(10,410)**	(1,204)
Share of profit of a jointly controlled entity	**6,993**	7,073
	(3,417)	5,869

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

31. Amount owing (to)/by a jointly controlled entity (continued)

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

	Group	
	2009	2008
	RM'000	RM'000
Current assets	**25,164**	26,997
Current liabilities	**(28,581)**	(24,009)
Net amount due from joint venture partner	**-**	2,881
	(3,417)	5,869

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

	Group	
	2009	2008
	RM'000	RM'000
Contract revenue	**18,122**	48,031
Contract costs	**(18,202)**	(47,229)
(Loss)/Profit for the financial year	**(80)**	802

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

32. Segment reporting – Group

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

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

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

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

32. Segment reporting – Group (continued)

(a) Primary reporting format – business segments

	Note	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
2009							
Revenue							
Total revenue		85,580	408,917	159,345	84,676	32,104	770,622
Intersegment revenue		-	(17,295)	(4,193)	(84,676)	(22,016)	(128,180)
External revenue		85,580	391,622	155,152	-	10,088	642,442
Results							
Segment results (external)		28,869	171,414	43,344	125	24,476	268,228
Unallocated corporate expenses							(28,148)
Interest income							10,765
Profit from operations							250,845
Finance cost							(57,142)
Share of results of associates		4,413	884	22,380	-	156	27,833
Profit before tax							221,536
Tax expense							(42,316)
Profit for the financial year							179,220
Other information							
Segment assets		563,812	1,927,358	552,821	161,415	284,536	3,489,942
Associates		83,905	19,552	408,796	-	38,471	550,724
Unallocated assets							426,509
Total assets							4,467,175
Segment liabilities		196,127	716,652	33,956	18,772	5,702	971,209
Jointly controlled entity		-	-	-	3,417	-	3,417
Unallocated liabilities							521,148
Total liabilities							1,495,774
Capital expenditure:							
- property, plant and equipment	17	4,864	3,215	96,785	-	72	104,936
- investment properties	19	-	521	-	-	-	521
Depreciation:							
- property, plant and equipment	17	2,131	4,893	31,255	738	318	39,335
- investment properties	19	-	62,896	-	-	-	62,896
- long term prepaid lease	20	14	2,134	249	-	-	2,397
Impairment losses:							
- associates	6	-	-	-	-	10,134	10,134
- marketable securities	6	-	-	-	-	535	535
Reversal of impairment losses:							
- marketable securities	6	-	-	-	-	23,025	23,025
- property, plant and equipment	6	-	-	6,000	-	-	6,000

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

32. Segment reporting – Group (continued)

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

	Note	Property development RM'000	Property investment and management RM'000	Hotel RM'000	Construction RM'000	Others RM'000	Group RM'000
2008							
Revenue							
Total revenue		180,312	372,170	139,005	154,639	28,415	874,541
Intersegment revenue		-	(6,727)	(3,693)	(154,639)	(21,258)	(186,317)
External revenue		180,312	365,443	135,312	-	7,157	688,224
Results							
Segment results (external)		5,195	135,948	26,848	507	(17,426)	151,072
Unallocated corporate expenses							(29,411)
Interest income							14,077
Profit from operations							135,738
Finance cost							(55,823)
Share of results of associates		(465)	(701)	46,216	-	(191)	44,859
Gain on disposal of associates		-	-	-	-	83,589	83,589
Profit before tax							208,363
Tax expense							(35,495)
Profit for the financial year							172,868
Other information							
Segment assets		693,096	2,219,935	499,199	23,548	57,782	3,493,560
Associates		119,028	18,668	364,302	-	40,350	542,348
Jointly controlled entity		-	-	-	5,869	-	5,869
Unallocated assets							408,317
Total assets							4,450,094
Segment liabilities		212,604	844,994	20,629	2,781	5,720	1,086,728
Unallocated liabilities							584,369
Total liabilities							1,671,097
Capital expenditure:							
- property, plant and equipment	17	1,235	77,489	87,026	72	2,780	168,602
- investment properties	19	-	26,584	-	-	-	26,584
- long term prepaid lease	20	-	-	659	-	-	659
Depreciation:							
- property, plant and equipment	17	1,602	4,338	26,065	1,312	418	33,735
- investment properties	19	-	61,032	-	-	-	61,032
- long term prepaid lease	20	17	2,120	243	-	-	2,380
Impairment loss:							
- land held for property development	6	55,836	-	-	-	-	55,836
- inventories	6	248	-	-	-	-	248
- marketable securities	6	-	-	-	-	23,325	23,325
- other investments	6	-	-	-	-	634	634

Note: Total revenue is shown at net of intra group dividend income.

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

32. Segment reporting – Group (continued)

(b) Secondary reporting format – geographical segments

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

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

* Company's home country

	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
2009			
Malaysia	**633,694**	**4,159,587**	**105,390**
Asia Pacific	**8,748**	**125,955**	**67**
United Kingdom	**-**	**181,633**	**-**
	642,442	**4,467,175**	**105,457**
2008			
Malaysia	680,288	4,183,167	195,815
Asia Pacific	7,936	116,025	30
United Kingdom	-	150,902	-
	688,224	4,450,094	195,845

In determining the geographical of the Group, revenue is based on the country in which the customers are located. Total segment assets and capital expenditure incurred during the financial year are determined according to the country where these assets are located.

33. Contingent liabilities

	Company	
	2009 RM'000	2008 RM'000
Corporate guarantees issued for banking facilities granted to subsidiaries (unsecured)	**323,726**	342,054

34. Capital commitment

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

	Group	
	2009 RM'000	2008 RM'000
Authorised by Directors and contracted		
- Property, plant and equipment	**64,850**	123,025
- Investment properties	**-**	-
	64,850	123,025
Authorised by Directors but not contracted		
- Property, plant and equipment	**19,020**	6,393
	83,870	129,418

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

35. Significant related party disclosures

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

(i) Group

	Group 2009 RM'000	Group 2008 RM'000
(a) Associates		
(i) Repayments of advances from associates	**3,119**	3,568
(ii) Advances to associates	**1,300**	2,478
(iii) Repayment of advances to associates	**2,106**	-
(iv) Return of capital from an associate	**-**	3,454
(b) Jointly controlled entity		
(i) Net repayments of advances from jointly controlled entity	**9,206**	12,339

(c) Other related parties

Other related parties	*Relationship*
Cahaya Utara Sdn Bhd	An associate of Wah Seong (Malaya) Trading Co. Sdn Bhd, a company in which Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.
Strass Media Sdn Bhd	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn Bhd, a company in which Robert Tan Chung Meng, Pauline Tan Suat Ming and Tony Tan @ Choon Keat, Directors of the Company, have substantial financial interest.

	Group 2009 RM'000	Group 2008 RM'000
Light boxes rental, pedestrian bridge and office rental		
- Strass Media Sdn Bhd	**1,089**	1,005
Management/marketing fee income from:		
- Cahaya Utara Sdn Bhd	**1,249**	1,291

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

35. Significant related party disclosures (continued)

(ii) Company

	Company 2009 RM'000	Company 2008 RM'000
(a) Subsidiaries		
(i) Interest charged to subsidiaries	**16,981**	2,101
(ii) Interest charged by subsidiary	**3,732**	1,311
(iii) Advances to subsidiaries	**141,273**	299,288
(iv) Advances from subsidiaries	**71,783**	175,888
(v) Repayment of advances from subsidiaries	**813,431**	306,856
(vi) Repayment of advances to subsidiaries	**797,643**	90,939
(b) Associates		
(i) Repayment of advances from associates	**1,300**	1,844
(ii) Advances to associates	**1,300**	404

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

	Group 2009 RM'000	Group 2008 RM'000
Salaries, bonus and allowance	**16,142**	16,723
Termination benefits	**212**	108
Post-employment benefits	**-**	360
Defined contribution plan	**1,804**	1,740
Share-based payment	**-**	56
Other short term benefits	**154**	419
	18,312	19,406

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

36. Changes in Group structure

Acquisitions/ incorporations during the financial year

(a) On 21 May 2009, the Company announced to Bursa Malaysia Securities Berhad that Mid Valley City Developments Sdn Bhd, a wholly-owned subsidiary of the Company, had acquired 100% of the issued and paid-up share capital of Original Advisory Sdn Bhd comprising two ordinary shares of RM1.00 each fully paid at par.

(b) On 27 July 2009, the Company announced to Bursa Malaysia Securities Berhad that the Company had acquired 100% of the issued and paid-up share capital of Crest Corridor Sdn Bhd, comprising two ordinary shares of RM1.00 each fully paid at par.

(c) On 16 November 2009, the Company announced to Bursa Malaysia Securities Berhad that the Company had acquired 100% of the issued and paid-up share capital of Verokey Sdn Bhd, comprising two ordinary shares of RM1.00 each fully paid at par.

(d) On 16 November 2009, the Company announced to Bursa Malaysia Securities Berhad that Pacific Land Sdn Bhd, a wholly-owned subsidiary of the Company, had incorporated a private limited company in Singapore under the name of Pacific Land Pte Ltd with an issued and paid-up share capital of S$1.00.

The above acquisitions/incorporations have no significant effect on the financial results and the financial position of the Group in the current financial year.

Voluntary striking-off during the financial year

(e) On 3 November 2009, the Company announced to Bursa Malaysia that following the application made to the Companies Commission of Malaysia (CCM) for voluntary striking-off of PIR Management Services Sdn Bhd (PIR) and Tanobi Sdn Bhd (Tanobi), CCM had in its letter dated 2 November 2009 notified that both, PIR and Tanobi, will be struck off the register and dissolved upon the expiration of one month from 2 November 2009 under Section 308(1) of the Companies Act, 1965.

37. Subsidiaries

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2009	2008
	Abad Flora Sdn. Bhd. [1]	Property Investment	Malaysia	**100.0**	100.0
	Amanbest Sdn. Bhd. [2]	Property Development	Malaysia	**51.0**	51.0
	Amandamai Dua Sdn. Bhd. [3]	Property Holding	Malaysia	**100.0**	100.0
	Amandamai Satu Sdn. Bhd. [4]	Property Development	Malaysia	**100.0**	100.0
	Angkasa Gagah Sdn. Bhd. [5]	Property Development	Malaysia	**100.0**	100.0
*	Asian Equity Limited [6]	Investment Holding	British Virgin Islands	**55.0**	55.0
	Atar Deras Sdn. Bhd. [7]	Property Development	Malaysia	**100.0**	100.0
*	Auspicious Prospects Ltd. [8]	Investment Holding	Liberia	**100.0**	100.0
	Belimbing Hills Sdn. Bhd. [9]	Property Development	Malaysia	**100.0**	100.0
*	Beswell Limited [10]	Investment Holding	Hong Kong	**100.0**	100.0
	Bintang Buana Sdn. Bhd. [11]	Property Development	Malaysia	**90.0**	90.0
	Central Review (M) Sdn. Bhd. [12]	Property Investment, Hotel Operations and Management	Malaysia	**100.0**	100.0
	Cipta Klasik (M) Sdn. Bhd. [13]	Property Investment	Malaysia	**100.0**	100.0
	Cititel Hotel Management Sdn. Bhd.	Provision of Hotel Management Services	Malaysia	**60.0**	60.0
	Cititel Hotels Pty Ltd [14]	Investment Holding	Australia	**100.0**	100.0
	Corpool Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Danau Bidara (M) Sdn. Bhd. [15]	Property Holding	Malaysia	**100.0**	100.0
	Dian Rezki Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Earning Edge Sdn. Bhd. [16]	Investment Holding	Malaysia	**65.0**	65.0
	Ensignia Construction Sdn. Bhd.	Investment Holding and Construction	Malaysia	**100.0**	100.0
	Express Management Consultants Sdn. Bhd. [17]	Dormant	Malaysia	**100.0**	100.0
*	Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	**100.0**	100.0

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

37. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2009	2008
	Harta Villa Sdn. Bhd. [18]	Property Development	Malaysia	**100.0**	100.0
	ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	ICDC Management Sdn. Bhd. [19]	Property Management	Malaysia	**100.0**	100.0
	IGB Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
	IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	**100.0**	100.0
	IGB Properties Sdn. Bhd.	Property Investment and Management	Malaysia	**100.0**	100.0
	Innovation & Concept Development Co. Sdn. Bhd. [20]	Property Development	Malaysia	**100.0**	100.0
	Intercontinental Aviation Services Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Ipoh Garden Shopping Complex Sdn. Bhd.	Property Holding	Malaysia	**100.0**	100.0
	IST Building Products Sdn. Bhd.	Trading of Building Materials	Malaysia	**100.0**	100.0
	IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Kemas Muhibbah Sdn. Bhd. [21]	Property Development	Malaysia	**100.0**	100.0
	KennyVale Sdn. Bhd. [22]	Property Development	Malaysia	**100.0**	100.0
	Kondoservis Sdn. Bhd. [23]	Provision of Management Services to Condominiums	Malaysia	**100.0**	100.0
	K Parking Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	KrisAssets Holdings Berhad	Investment Holding	Malaysia	**73.5**	74.8
	Lagenda Sutera (M) Sdn. Bhd. [24]	Property Investment	Malaysia	**100.0**	100.0
*	Lingame Company Limited	Investment Holding	Hong Kong	**100.0**	100.0
*	MiCasa Hotel Limited [25]	Hotelier	Myanmar	**65.0**	65.0
	Mid Valley Capital Sdn. Bhd. [26]	Special Purpose Vehicle for Issuance of Bonds	Malaysia	**73.5**	74.8
	Mid Valley City Sdn. Bhd. [27]	Owner and Operator of Mid Valley Megamall	Malaysia	**73.5**	74.8
	Mid Valley City Convention Centre Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Developments Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Mid Valley City Energy Sdn. Bhd.	Distribution of Electricity	Malaysia	**100.0**	100.0
	Mid Valley City Enterprise Sdn. Bhd.	Hotel Operator and Owner	Malaysia	**100.0**	100.0
	Mid Valley City Gardens Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Hotels Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City North Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Property Services Sdn. Bhd. *(formerly known as Original Advisory Sdn. Bhd.)*	Provision of building and maintenance services for all common areas within Mid Valley City	Malaysia	**100.0**	0.0
	Mid Valley City Residences Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City South Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint North Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint South Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC CyberManager Sdn. Bhd. *(formerly known as Crest Corridor Sdn. Bhd.)*	Operation of MSC cyber centre in Mid Valley City	Malaysia	**100.0**	0.0
	Murni Properties Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVEC Exhibition and Event Services Sdn. Bhd.	Provision of Exhibition Services	Malaysia	**100.0**	100.0
	Nova Pesona Sdn. Bhd. [28]	Property Development	Malaysia	**50.0 (+ 1 share)**	50.0 (+ 1 share)
	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**	0.0
	Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Pekeliling Land Sdn. Bhd.	Property Holding	Malaysia	**100.0**	100.0

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

37. Subsidiaries (continued)

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2009	2008
Pekeliling Property Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
Penang Garden Sdn. Bhd.	Property Development and Letting of Properties	Malaysia	**100.0**	100.0
Permata Dunia Sdn. Bhd. [32]	Investment Holding	Malaysia	**100.0**	100.0
Permata Efektif (M) Sdn. Bhd. [33]	Property Development	Malaysia	**100.0**	100.0
Pinex Sdn. Bhd. [34]	Property Development	Malaysia	**100.0**	100.0
PIR Management Services Sdn. Bhd.[35] *(Striking off completed in 2009)*	Provision of Management Services	Malaysia	**0.0**	100.0
Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Primanah Property Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
Puncak Megah (M) Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
Rapid Alpha Sdn. Bhd.	Construction	Malaysia	**100.0**	100.0
Reka Handal Sdn. Bhd. [36]	Property Development	Malaysia	**75.0**	75.0
Riraiance Enterprise Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
Salient Glory City Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
Sigma Setiaria Sdn. Bhd. [37]	Dormant	Malaysia	**100.0**	100.0
Tanah Permata Sdn. Bhd. [38]	Hotelier	Malaysia	**100.0**	100.0
Tanobi Sdn. Bhd. [39] *(Striking off completed in 2009)*	Property Holding	Malaysia	**0.0**	100.0
Tan & Tan Developments Berhad	Property Development, Provision of Project Management Services and Investment Holding	Malaysia	**100.0**	100.0
Tan & Tan Realty Sdn. Bhd. [40]	Property Investment and Provision of Related Services and Operating of Food Court	Malaysia	**80.0**	80.0
T-Bond Construction Sdn. Bhd. [41]	Building Contractor	Malaysia	**100.0**	100.0
Teamwork M & E Sdn. Bhd. [42]	Provision of Consultation on Mechanical and Electrical Services to Condominiums and Apartments	Malaysia	**100.0**	100.0
TTD Sdn. Bhd. [43]	Hotelier	Malaysia	**100.0**	100.0
Verokey Sdn. Bhd.	Dormant	Malaysia	**100.0**	0.0
Wong Siew Choong Sdn. Bhd. [44]	Property Investment	Malaysia	**100.0**	100.0
X-Speed Sdn. Bhd.	Dormant	Malaysia	**100.0**	100.0

Notes:

1-5, 7, 9, 11-13, 15, 18, 22, 23, 28-30, 33, 34, 36, 39-43 - Held by Tan & Tan Developments Berhad.
6 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 35.0% and 20.0% respectively.
8 - Held by Lingame Company Limited.
10, 14, 24, 31, 38- Held by Pacific Land Sdn. Bhd.
16 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.
17, 19, 20 - Held by ICDC Holdings Sdn. Bhd.
21 - Held by IGB Project Management Services Sdn. Bhd.
25 - Held by Earning Edge Sdn. Bhd.
26, 27 - Held by KrisAssets Holdings Berhad
32 - Held by Corpool Holdings Sdn. Bhd.
35 - Held by Pangkor Island Resort Sdn. Bhd.
37 - Held by TTD Sdn. Bhd.
44 - Held by Dian Rezki Sdn. Bhd.

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

Notes to the Financial Statements (continued)

for the financial year ended 31 December 2009

38. Associates

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2009	2008
*	Aroma Laundry and Dry Cleaners Sdn. Bhd. [1]	Provision of Laundry and Dry Cleaning Services	Malaysia	**20.0**	20.0
+	Crystal Centre Properties (International) Ltd. [2]	Investment Holding	Hong Kong	**45.0**	45.0
	Detik Harapan Sdn. Bhd.	Dormant	Malaysia	**40.0**	40.0
*	DMV Sdn. Bhd.[3]	Property Development	Malaysia	**39.0**	39.0
	Gleneagles Academy of Nursing (M) Sdn. Bhd.[4]	Nursing Education	Malaysia	**0.0**	25.0
	Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [5]	Development and Investment in Medical Centres	Malaysia	**30.0**	30.0
*	Grapevine Investments (Hong Kong) Limited [6] *(Liquidated via members' voluntary liquidation in 2009)*	Investment Holding	Hong Kong	**0.0**	50.0
	Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	**50.0**	50.0
	Hampshire Properties Sdn. Bhd. [7]	Property Development and Property Investment	Malaysia	**50.0**	50.0
*	HICOM Tan & Tan Sdn. Bhd. [8]	Property Development	Malaysia	**50.0**	50.0
	IGB (Thailand) Co Ltd	Property Investment	Thailand	**49.0**	49.0
+	Istaron Limited [9]	Investment Holding	Hong Kong	**50.0**	50.0
	Johan Kekal Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
	Kumpulan Sierramas (M) Sdn.Bhd. [10]	Property Development	Malaysia	**50.0**	50.0
	Kundang Properties Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
*	Kyami Pty. Ltd. [11]	Investment Holding	Australia	**40.0**	40.0
	Merchant Firm Limited[12]	Investment Holding	British Virgin Islands	**49.5**	49.5
	New Commercial Investments Ltd [13]	Investment Holding	British Virgin Islands	**49.6**	49.6
	Pacific Land Company Limited [14]	Investment Holding	Thailand	**25.0**	0.0
	Permata Alasan (M) Sdn. Bhd. [15]	Property Development and Property Investment	Malaysia	**50.0**	50.0
	Ravencroft Investments Incorporated [16]	Investment Holding	British Virgin Islands	**49.5**	49.5
+	Saigon Inn Hotel Co. [17]	Hotelier	Vietnam	**33.8**	33.8
*	Sierramas Landscape Services Sdn. Bhd. [18]	Landscaping and Horticulture	Malaysia	**50.0**	50.0
*	St Giles Hotel Ltd. [19]	Hotels and Motels with Restaurants	United Kingdom	**49.5**	49.5
*	St Giles Hotel (Heathrow) Ltd. [20]	Hotels and Motels with Restaurants	United Kingdom	**49.6**	49.6
	Sukatan Garisan Sdn. Bhd. [21] *(Striking off completed in 2009)*	Property Investment	Malaysia	**0.0**	50.0
	Technoltic Engineering Sdn. Bhd.	Servicing, Maintenance and Installation of Elevators	Malaysia	**40.0**	40.0
*	Tentang Emas Sdn. Bhd. [22]	Investment Holding	Malaysia	**49.0**	49.0

Notes:

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

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

39. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 28 April 2010.

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

We, Robert Tan Chung Meng and Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman, being two of the Directors of IGB Corporation Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 34 to 93 are drawn up in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2009 and of the results and cash flows of the Group and Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 28 April 2010.

Robert Tan Chung Meng
Managing Director

Tan Sri Dato' Seri Khalid Ahmad Bin Sulaiman
Director

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

I, Chai Lai Sim, the officer primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 93 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Chai Lai Sim

Subscribed and solemnly declared by the abovenamed Chai Lai Sim at Kuala Lumpur on 28 April 2010.

Before me:

Aishah bt Shahul Hameed, PJK
Commissioner for Oaths

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements of IGB Corporation Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory Notes, as set out on pages 34 to 93.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 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 37 to the financial statements.

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

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

Other Matters

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

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

Shirley Goh
(No. 1778/08/10 (J))
Chartered Accountant

Kuala Lumpur
28 April 2010

Notes

IGB Corporation Berhad (5745-A)

PROXY FORM

I/We (full name in block capitals) ______________________________

NRIC No/Company No. ______________________ CDS Account No.______________________

of (full address) ______________________________

____

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

____

of (full address) ______________________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 46th Annual General Meeting of the Company to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Wednesday, 26 May 2010 at 3.00 p.m. and at any adjournment thereof, in the manner indicated below:

No.	Resolutions	For	Against
1.	Receipt of Reports and Audited Financial Statements		
2.	Re-election of Tan Lei Cheng		
3.	Re-election of Tan Boon Lee		
4.	Re-election of Tony Tan @ Choon Keat		
5.	Re-election of Tan Kai Seng		
6.	Re-appointment of Messrs PricewaterhouseCoopers as auditors		
7.	Approval of Directors' fees		
8.	Re-appointment of Tan Sri Abu Talib bin Othman		
9.	Authorisation for Directors to issue shares		
10.	Renewal of Share Buy-Back Mandate		
11	Renewal of RRPT Mandate		

Number of shares held

Signed (and sealed) this ____________ day of ________________ 2010

Signature(s) ______________________________

Note:

A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A member shall be entitled to appoint more than one proxy to attend and vote at the meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of holdings to be represented by each proxy. In the case of a corporate member, the proxy form must be either under seal or under the hand of an attorney duly authorised. The proxy form must be deposited at the Registered Office at Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time set for the meeting. The Annual Report 2009 and Proxy Form are available for access and download at the website at http://www.igbcorp.com

Affix Stamp
Here

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

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