



IGB Corporation Berhad

(5745-A)

ANNUAL REPORT 2001



FIABCI Award
of Distinction 2001
Best Retail Development



Malaysian Tourism
Award 2000
Best Shopping Complex

CENTRE COURT

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IGB Corporation Berhad
(5745-A)

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2001.

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 subsidiaries and associates are set out on pages 99 and 100. There have been no significant changes in the nature of these activities during the financial year.

The number of employees at the end of the financial year amounted to 713 (2000: 796) employees in the Group and 58 (2000: 48) employees in the Company.

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

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

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

Financial results

	Group RM '000	Company RM '000
Profit after taxation	49,447	72,056
Minority interests	1,027	0
Net profit for the financial year	<u>50,474</u>	<u>72,056</u>

Dividends

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

	RM '000
(a) In respect of the financial year ended 31 December 2000, as shown in the Directors' report for that financial year, a first and final dividend of 5% less tax at 28% paid on 16 July 2001.	<u>10,691</u>
(b) In respect of the financial year ended 31 December 2001, an interim dividend of 3% less tax at 28% paid on 7 January 2002.	<u>6,415</u>
(c) In respect of the financial year ended 31 December 2001, a proposed final dividend of 2% less tax at 28%	<u>4,276</u>

Reserves and provisions

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

Issue of shares

During the financial year, the Company's issued and fully paid-up share capital was increased from RM296,976,536 to RM296,994,756 by way of an issue of 36,439 new ordinary shares of RM0.50 each for cash on the exercise of 36,439 Transferable Subscription Rights at an exercise price of RM1.59 each.

The newly issued shares rank pari passu in all respects with the existing issued shares of the Company.

Employees' share option scheme (ESOS)

The ESOS, which expired on 4 November 1997, has been extended for a period of five years. The main features of the ESOS are as follows:

- (a) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee, appointed by the Board of Directors;
- (b) The total number of ordinary shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point of time during the existence of the ESOS which shall be in force for an extended period of five years expiring on 4 November 2002;
- (c) The number of shares under options or option price or both so far as the option remain unexercised shall be adjusted following any issue of additional shares in the issued share capital of the Company by way of rights issue, capitalisation of profits or reserves or any sub-division and consolidation of the Company's shares;
- (d) The option price at which the employees are offered to take up shares under the ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official list issued by the Kuala Lumpur Stock Exchange for the five market days preceding the respective dates of offer of the options, or the par value of the shares of the Company of RM0.50, whichever is higher; and
- (e) 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.

As at 31 December 2001, options granted to subscribe for ordinary shares of RM0.50 each which have yet to be exercised are as follows:

<u>Exercise price</u>	<u>Number of options granted and unexercised</u>
RM1.23	3,154,000
RM1.86	132,000
RM2.02	32,000
RM2.27	63,000
RM2.51	242,000
RM2.56	48,000
	<hr style="border-top: 1px solid black;"/>
	3,671,000

Employees' share option scheme (ESOS) (continued)

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

	Number of Options
At 1 January 2001	4,659,000
Lapsed	<u>(988,000)</u>
At 31 December 2001	<u>3,671,000</u>

The Company has been granted exemption by the Registrar of Companies vide their letter dated 21 February 2002 from having to disclose the list of option holders and their holdings.

The number of options unexercised of 3,671,000 will expire, if not exercised by 4 November 2002.

Directors

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

Tan Sri Abu Talib Bin Othman	
Robert Tan Chung Meng	
Tan Boon Seng	
Tan Boon Gark	
Lai Meng	
Dato' Seri Khalid Ahmad Bin Sulaiman	
Abdul Samad Bin Haji Alias	
Osman Bin Haji Ismail	
Chua Seng Yong (alternate to Robert Tan Chung Meng)	
Jeffrey Heng Wah Yong	(appointed on 17 September 2001)
Dato' Tan Chin Nam	(retired on 30 May 2001)
Chong Kim Weng	(resigned on 30 May 2001)

Mr Jeffrey Heng Wah Yong, the Director retiring pursuant to Article 89 of the Company's Articles of Association, has expressed his wish not to stand for election at the forthcoming Annual General Meeting.

In accordance with Article 85 of the Company's Articles of Association, Mr Robert Tan Chung Meng, Mr Tan Boon Seng and Mr Tan Boon Gark retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT

for the financial year ended 31 December 2001



Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares, warrants, Transferable Subscription Rights ("TSRs") and share options in the Company are as follows:

In the Company

	Number of Ordinary Shares of RM0.50 each			
	1 January	Addition	Disposal	31 December
Robert Tan Chung Meng				
Direct	186,000	0	0	186,000
Indirect	203,946,771	0	0	203,946,771
Tan Boon Seng				
Direct	9,375	0	0	9,375
Tan Boon Gark				
Direct	219,000	2,000	0	221,000
Dato' Seri Khalid Ahmad Bin Sulaiman				
Indirect	125,250	0	0	125,250

In the Company

	Number of Warrants			
	1 January	Addition	Disposal/ Exercised	31 December
Robert Tan Chung Meng				
Direct	156,000	0	0	156,000
Indirect	52,654,523	0	0	52,654,523
Tan Boon Seng				
Direct	1,875	0	0	1,875
Tan Boon Gark				
Direct	20,000	0	0	20,000

In the Company

	Number of Transferable Subscription Rights ("TSRs")			
	1 January	Addition	Disposal/ Exercised	Expired 11 December
Robert Tan Chung Meng				
Direct	5,354	0	0	5,354
Indirect	18,545,373	0	500,000	18,045,373
Tan Boon Seng				
Direct	803	0	0	803

In the Company

	Number of Option (ESOS) over ordinary shares of RM0.50 each			
	1 January	Granted	Exercised	31 December
Robert Tan Chung Meng	500,000	0	0	500,000
Lai Meng	70,000	0	0	70,000
Chua Seng Yong	85,000	0	0	85,000

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

Directors' benefit

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments paid as shown in note 5 to the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Statutory information on the financial statements

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

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

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

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

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

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

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

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

In the opinion of the Directors:

- (a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the income statements and note 4 to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

Significant events

On 25 July 2000, the Company, Tan & Tan Developments Berhad (Tan & Tan) and Gold I S Berhad (formerly known as Dimensi Subuh Sdn Bhd) had signed a Merger Agreement to merge the property related businesses of both the Company and Tan & Tan. The acquisition of the entire equity interest in Tan & Tan by the Company for a purchase consideration of approximately RM644.82 million would be satisfied by RM50.0 million in cash, the issuance of 166,548,514 new ordinary shares of RM0.50 each in the Company ('IGB Shares') at an issue price of RM2.50 per share and 178,444,836 Irredeemable Convertible Preference Shares ('ICPS2002/2007') at par. In addition, the Company has also announced a Bonus Issue of 380,269,012 new IGB Shares on the basis of one (1) new IGB Share for every two (2) existing IGB Shares held at 5.00 p.m. on 11 April 2002 and one (1) new IGB Share for every two (2) IGB Shares to be issued pursuant to the acquisition of the entire interest in Tan & Tan.

All approvals have now been obtained from the relevant regulatory authorities as well as approvals from the shareholders of the Company and Tan & Tan.

The Kuala Lumpur Stock Exchange ('KLSE') has also, vide its letter dated 28 January 2002, approved the admission to the Official List of the KLSE for the listing of and quotation of all new securities to be issued arising therefrom including 178,444,836 ICPS2002/2007, up to 845,656,076 new IGB shares and up to 59,279,107 additional new warrants 1999/2004 in the Company.

In addition, a Court Order was obtained on 29 January 2002 from the High Court of Malaya sanctioning the scheme of arrangement under Section 176 of the Companies Act for the implementation of the Merger. The Court Order was filed with the Registrar of Companies on 31 January 2002. As such the Merger is deemed completed on 31 January 2002.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 16 April 2002.

Robert Tan Chung Meng
Managing Director

Abdul Samad Bin Haji Alias
Director

Kuala Lumpur

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue	3	199,880	312,505	17,754	27,218
Cost of sales		(129,261)	(236,725)	(690)	(4,107)
Gross profit		70,619	75,780	17,064	23,111
Other operating income		29,203	20,652	27,420	34,436
Administrative expenses		(37,152)	(32,917)	(3,456)	(1,702)
Other operating expenses		(39,969)	(24,631)	(16,482)	(12,169)
Profit from operations	4	22,701	38,884	24,546	43,676
Finance costs	6	(46,289)	(44,445)	(14,130)	(11,482)
Share of results of associates		44,469	50,322	0	0
Gain from disposal of an associate		41,045	1,190	67,678	12,754
Profit from ordinary activities before tax		61,926	45,951	78,094	44,948
Tax:	7				
Company and subsidiaries		(3,091)	(9,807)	(6,038)	(11,622)
Associates		(9,388)	(14,250)	0	0
		(12,479)	(24,057)	(6,038)	(11,622)
Profit from ordinary activities after tax		49,447	21,894	72,056	33,326
Minority interests		1,027	(332)	0	0
Net profit for the financial year		50,474	21,562	72,056	33,326
Earnings per share (sen)	9				
- basic		8.50	3.63		
- diluted		Anti-dilutive	Anti-dilutive		
Dividends per share (sen)		2.50	2.50	2.50	2.50

BALANCE SHEETS

as at 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Capital and reserves					
Share capital	10	296,995	296,977	296,995	296,977
Share premium		252,622	252,582	252,622	252,582
Revaluation and other reserves	11	64,462	63,336	29,258	29,258
Retained earnings	12	661,821	622,038	502,168	440,803
Shareholders' equity		1,275,900	1,234,933	1,081,043	1,019,620
Minority interests		20,143	21,170	0	0
Non current liabilities					
Term loan	13	168,811	122,916	110,061	122,916
Murabahah Underwritten Notes and Syndicated Fixed Rate Loan	14	285,000	379,500	0	0
Deferred taxation	15	1,617	2,361	1,600	2,300
		1,751,471	1,760,880	1,192,704	1,144,836
Represented by:					
Non current assets					
Property, plant and equipment	16	867,556	888,836	1,855	1,959
Real property assets		47,397	47,397	38,086	38,086
Subsidiaries	17	0	0	291,907	292,439
Associates	18	541,811	600,428	247,846	295,163
Other investments	19	44,742	97,085	2,900	2,900
Current assets					
Development properties and expenditure	20	158,492	130,657	0	0
Inventories	21	50,938	69,859	37,348	37,348
Marketable securities	22	14,630	16,819	11,376	13,565
Trade and other receivables	23	94,320	71,944	20,920	20,476
Amount owing by subsidiaries	24	0	0	730,012	688,251
Amount owing by associates	25	143,761	131,911	82,098	70,320
Deposits with licensed banks	29	127,832	11,722	113,150	0
Cash and bank balances	29	10,432	6,275	1,455	727
		600,405	439,187	996,359	830,687

BALANCE SHEETS

as at 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Less: Current liabilities					
Trade and other payables	26	193,454	191,592	67,060	63,157
Amount owing to subsidiaries	24	0	0	227,657	192,569
Amount owing to associates	25	42,898	38,779	17,443	13,925
Bank borrowings	28	101,563	64,260	69,813	36,692
Tax		8,249	6,731	0	(636)
Proposed dividends	8	4,276	10,691	4,276	10,691
		350,440	312,053	386,249	316,398
Net current assets		249,965	127,134	610,110	514,289
		1,751,471	1,760,880	1,192,704	1,144,836

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2001

Group	Note	Issued and fully paid ordinary shares of RM0.50 each		Non-distributable		Distributable	Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Retained earnings RM'000	
At 1 January 2001		593,953	296,977	252,582	63,336	622,038	1,234,933
Net profit		0	0	0	0	50,474	50,474
Dividends	8	0	0	0	0	(10,691)	(10,691)
Issue of shares:							
Transferable Subscription							
Rights exercised		36	18	40	0	0	58
Currency translation differences	11	0	0	0	(1,564)	0	(1,564)
Revaluation of hotel properties	11	0	0	0	2,690	0	2,690
Net gain not recognised in income statement		0	0	0	1,126	0	1,126
At 31 December 2001		593,989	296,995	252,622	64,462	661,821	1,275,900
At 1 January 2000		592,794	296,397	251,736	64,053	611,167	1,223,353
Net profit		0	0	0	0	21,562	21,562
Dividends	8	0	0	0	0	(10,691)	(10,691)
Issue of shares:							
ESOS share options exercised		1,159	580	846	0	0	1,426
Warrants exercised *		0	0	0	0	0	0
Currency translation differences	11	0	0	0	(717)	0	(717)
At 31 December 2000		593,953	296,977	252,582	63,336	622,038	1,234,933

* An issue of 500 new ordinary shares of RM0.50 each for cash on the exercise of warrants at an exercise price of RM1.50 each. Share capital and share premium arising from this share issue amounted to RM250 and RM500 respectively.

COMPANY STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 December 2001

Company	Note	Issued and fully paid ordinary shares of RM0.50 each		Non-distributable		Distributable	Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Retained earnings RM'000	
At 1 January 2001		593,953	296,977	252,582	29,258	440,803	1,019,620
Net profit		0	0	0	0	72,056	72,056
Dividends	8	0	0	0	0	(10,691)	(10,691)
Issue of shares:							
Transferable Subscription							
Rights exercised		36	18	40	0	0	58
At 31 December 2001		593,989	296,995	252,622	29,258	502,168	1,081,043
At 1 January 2000		592,794	296,397	251,736	29,258	418,168	995,559
Net profit		0	0	0	0	33,326	33,326
Dividends	8	0	0	0	0	(10,691)	(10,691)
Issue of shares:							
ESOS share							
options exercised		1,159	580	846	0	0	1,426
Warrants exercised *		0	0	0	0	0	0
At 31 December 2000		593,953	296,977	252,582	29,258	440,803	1,019,620

* An issue of 500 new ordinary shares of RM0.50 each for cash on the exercise of warrants at an exercise price of RM1.50 each. Share capital and share premium arising from this share issue amounted to RM250 and RM500 respectively.

CASH FLOW STATEMENTS

for the financial year ended 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Operating activities					
Receipts from customers		171,717	299,713	4,083	60,811
Payments to contractors, suppliers and employees		(128,481)	(269,801)	(16,453)	(85,683)
Cash flow from/(used in) operations		43,236	29,912	(12,370)	(24,872)
Interest paid		(34,728)	(30,162)	(4,469)	(3,181)
Income taxes paid		(7,968)	(13,785)	(5,536)	(6,345)
Net cash generated from/(used in) operating activities		540	(14,035)	(22,375)	(34,398)
Investing activities					
Proceeds from sale of shares in an associate		124,047	19,044	124,047	19,044
Proceeds from sale of investments		23,508	0	0	0
Interest received		1,917	4,760	1,732	4,657
Purchase of property, plant and equipment		(10,867)	(105,407)	(235)	(205)
Proceeds from sale of property, plant and equipment		133	55	117	0
Investment in subsidiaries		0	0	(1,000)	0
Investment in associates		(9,099)	(4,815)	(8,646)	(4,815)
Investment in other investments		(82)	0	0	0
Dividends received from subsidiaries		0	0	910	0
Dividends received from associates		19,401	15,667	10,921	11,269
Dividends received from investments		1,030	917	330	330
Repayment from subsidiaries		0	0	35,088	0
Repayment to subsidiaries		0	0	(28,384)	(68,357)
Advances to subsidiaries		0	0	0	(6,106)
Repayment from associates		8,396	68,671	8,396	68,671
Advances to associates		(20,174)	(51,581)	(20,174)	(30,798)
Advances from associates		8,190	13,825	8,190	1,296
Repayment to associates		(4,733)	(816)	(4,672)	(816)
Net cash generated from/(used in) investing activities		141,667	(39,680)	126,620	(5,830)
Financing activities					
Proceeds from shares issued by the Company		58	1,426	58	1,426
Repayment of bank borrowings		(98,689)	(134,032)	(9,689)	(135,097)
Receipt of bank borrowings		90,000	23,000	30,000	10,000
Dividends paid		(10,691)	(5,928)	(10,691)	(5,928)
Advances from a related party		0	14,000	0	14,000
Net cash (used in)/generated from financing activities		(19,322)	(101,534)	9,678	(115,599)
Foreign currencies exchange difference on opening balances		(5)	3	0	0
Net increase/(decrease) in cash and cash equivalents during the financial year		122,880	(155,246)	113,923	(155,827)
Cash and cash equivalents at beginning of financial year		12,426	167,672	(2,276)	153,551
Cash and cash equivalents at end of financial year	29	135,306	12,426	111,647	(2,276)

1. Principal activities

The principal activities of the Company during the financial year are those of investment holding and property development. The principal activities of the subsidiaries and associates are set out on pages 99 and 100. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

The following accounting policies have been used consistently in dealing with items considered material in relation to the financial statements:

(a) Basis of preparation of the financial statements

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

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

(b) Basis of consolidation

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

(c) Goodwill on consolidation

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

(d) Subsidiaries

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

(e) Associates

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

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

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

(f) Investments

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

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

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

(g) Property, plant and equipment

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

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

(g) Property, plant and equipment (continued)

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

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

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

(h) Depreciation

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

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

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

	%
Buildings	2
Plant and machinery	5 - 25
Motor vehicles	20
Office furniture, fittings and equipment	5 - 33 1/3

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

(i) Real property assets

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

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

(j) Construction contracts

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

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

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

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

(k) Revenue recognition

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

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

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

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

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

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

(l) Development properties and expenditure

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

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

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

(m) Inventories

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

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

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

(n) Receivables

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

(o) Foreign currencies

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

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

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

<u>Foreign currency</u>	<u>2001</u> RM	<u>2000</u> RM
1 US Dollar	3.800	3.800
1 Singapore Dollar	2.050	2.176
1 Sterling Pound	5.500	5.654
1 Hong Kong Dollar	0.486	0.486
1 Australian Dollar	1.934	2.098

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for the financial year ended 31 December 2001



(p) Deferred taxation

Provision is made using the liability method for taxation deferred in respect of all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax benefits are not recognised in the financial statements unless there is a reasonable expectation of realisation in the foreseeable future.

(q) Cash and cash equivalents

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

3. Revenue

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Investment income	1,360	1,046	15,928	19,414
Rental of properties	82,534	65,640	1,826	2,411
Sale of development properties billed to stages of completion	51,714	227,751	0	5,393
Sale of services	38,933	18,068	0	0
Contract revenue	25,339	0	0	0
	<u>199,880</u>	<u>312,505</u>	<u>17,754</u>	<u>27,218</u>

4. Profit from operations

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Profit from operations is stated after charging:				
Allowance for doubtful debt of:				
- Subsidiaries	0	0	8,552	8,280
- Trade and other receivables	90	75	18	0
Allowance for diminution in value of:				
- Investment in subsidiaries	0	0	1,532	0
- Quoted investments	2,189	4,325	2,189	0
- Unquoted investments	9,155	6,638	0	0
Amortisation/Write off of deferred expenditure	0	261	0	0
Auditors' remuneration:				
- Current financial year	264	224	75	70
- Underprovision in respect of prior financial year	19	0	0	0
Contract costs	22,256	0	0	0
Depreciation of property, plant and equipment	34,274	29,652	339	484
Fees paid to a professional firm in which a Director is a member	599	158	271	0
Loss on disposal of quoted investments	18,061	0	0	0
	<u></u>	<u></u>	<u></u>	<u></u>

4. Profit from operations (continued)

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Profit from operations is stated after charging:				
Office rent	516	268	452	223
Realised exchange losses	223	0	223	0
Staff cost	25,770	28,609	2,380	2,950
Write off of property, plant and equipment	85	0	0	0
And crediting:				
Bad debts recovered	25	485	0	0
Dividends received (gross) from:				
- Subsidiaries:				
- Unquoted in Malaysia	0	0	268	2,537
- Associates:				
- Quoted in Malaysia	0	0	3,287	1,867
- Quoted outside Malaysia	0	0	11,836	14,451
- Unquoted	0	0	78	100
- Quoted investments:				
- In Malaysia	1,011	459	459	459
- Outside Malaysia	349	587	0	0
Exchange gain:				
- Realised	1,820	0	0	0
- Unrealised	1,124	450	0	0
Interest income from:				
- Subsidiaries	0	0	21,928	27,612
- Associates	0	765	0	765
- Loan stocks	1,232	3,892	1,232	3,892
- Fixed deposits	881	630	500	527
Profit on disposal of property, plant and equipment	117	46	117	0
Rental income	17	18	0	0
Write back on allowance for doubtful debts	586	0	420	0

5. Directors' remuneration

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Fees:				
- Directors of the Company	112	120	62	70
- Other Directors	33	30	0	0
Other emoluments:				
- Directors of the Company	1,288	1,263	1,252	1,058
- Other Directors	915	589	0	0
	2,348	2,002	1,314	1,128

The Directors' remuneration have been included in staff cost as disclosed in note 4.

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for the financial year ended 31 December 2001

6. Finance costs

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Finance costs are stated after charging/(crediting):				
Interest expense on borrowings	43,464	41,506	13,205	12,300
Net exchange gain on foreign currency borrowings:				
- unrealised	0	(1,065)	0	(1,065)
- realised	(363)	(1,160)	(363)	(1,160)

7. Tax

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
In Malaysia				
Income tax - current				
- Company and subsidiaries	(3,835)	(8,397)	(3,400)	(5,010)
- Associates	(9,388)	(9,595)	0	0
Income tax - prior years	0	(1,410)	0	(1,410)
Transfer from deferred taxation	744	0	700	0
	<u>(12,479)</u>	<u>(19,402)</u>	<u>(2,700)</u>	<u>(6,420)</u>
Outside Malaysia				
Income tax - current				
- Company	0	0	(3,338)	(5,202)
- Associates	0	(4,655)	0	0
	<u>0</u>	<u>(4,655)</u>	<u>(3,338)</u>	<u>(5,202)</u>
	<u>(12,479)</u>	<u>(24,057)</u>	<u>(6,038)</u>	<u>(11,622)</u>

The effective tax rates of the Group and Company for the financial year were lower than the statutory tax rate prevailing in Malaysia because certain income were not subject to income tax.

8. Dividends

	Group and Company	
	2001 RM '000	2000 RM '000
Interim dividend of 3% less tax at 28% (2000: Nil)	6,415	0
Proposed final dividend of 2% less tax at 28% (2000: first and final dividend of 5% less tax at 28%)	4,276	10,691
	<u>10,691</u>	<u>10,691</u>

9. Earnings per share

Basic

The basic earnings per share has been calculated based on the Group's net profit attributable to shareholders for the financial year of RM50,474,000 (2000: RM21,562,000) and the weighted average number of ordinary shares in issue during the financial year of 593,989,000 (2000: 593,953,000).

Diluted

The diluted earnings per share is not presented in the financial statements as the effect of the assumed conversion of the Warrants and ESOS share options during the financial year is anti-dilutive.

10 Share capital

	Group and Company	
	2001	2000
	RM '000	RM '000
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January	<u>1,000,000</u>	<u>1,000,000</u>
Irredeemable Convertible Preference Shares 2002/2007 of RM1.00 each:		
Authorised		
At 1 January	0	0
Created during the financial year	<u>200,000</u>	<u>0</u>
At 31 December	<u>200,000</u>	<u>0</u>
Ordinary shares of RM0.50 each:		
Issued and fully paid		
At 1 January	296,977	296,397
Share options exercised	0	580
Transferable Subscription Rights exercised	18	0
Warrants exercised	0	0*
At 31 December	<u>296,995</u>	<u>296,977</u>

* An issue of 500 new ordinary shares of RM0.50 each for cash on the exercise of warrants at an exercise price of RM1.50 each. Share capital and share premium arising from this share issue amounted to RM250 and RM500 respectively.

The newly issued shares during the financial year rank pari passu in all respects with the existing issued shares of the Company.

As at 31 December 2001, IJM Corporation Berhad, an associate of the Company, held 24,735,000 (2000: 24,735,000) ordinary shares in the Company.

As at 31 December 2001, the number of Warrants which has yet to be exercised is 118,558,214 (2000: 118,558,214).

Pursuant to the Conditions stipulated in the Deed Poll, the Supplemental Deed Poll and the Second Supplemental Deed Poll dated 22 October 1993, 19 November 1997 and 9 December 1998 respectively, the Transferable Subscription Rights 1993/2001 ('TSR'), which were issued by the Company on 13 December 1993 of which the expiry period was extended from 11 December 1998 to 11 December 2001, had expired on 11 December 2001. The number of TSRs which had expired was 123,491,218.

Each TSR had entitled its registered holder at any time before the maturity date, to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the adjusted subscription price of RM1.59 per share payable in cash.

10 Share capital (continued)

Employees' share option scheme (ESOS)

The ESOS, which expired on 4 November 1997, has been extended for a period of five years. The main features of the ESOS are as follows:

- (a) The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee, appointed by the Board of Directors;
- (b) The total number of ordinary shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point of time during the existence of the ESOS which shall be in force for an extended period of five years expiring on 4 November 2002;
- (c) The number of shares under options or option price or both so far as the option remain unexercised shall be adjusted following any issue of additional shares in the issued share capital of the Company by way of rights issue, capitalisation of profits or reserves or any sub-division and consolidation of the Company's shares;
- (d) The option price at which the employees are offered to take up shares under the ESOS share options is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official list issued by the Kuala Lumpur Stock Exchange for the five market days preceding the respective dates of offer of the options, or the par value of the shares of the Company of RM0.50, whichever is higher; and
- (e) The persons to whom the options have been granted have no right to participate by virtue of the options in any shares issue of any other company.

As at 31 December 2001, options granted to subscribe for ordinary shares of RM0.50 each which have yet to be exercised are as follows:

<u>Exercise price</u>	<u>Number of options granted and unexercised</u>
RM1.23	3,154,000
RM1.86	132,000
RM2.02	32,000
RM2.27	63,000
RM2.51	242,000
RM2.56	48,000
	<hr style="border-top: 1px solid black; border-bottom: 1px solid black; height: 3px; width: 100%;"/> 3,671,000

The movements during the financial year in the number of options granted and unexercised are as follow:

	<u>Number of options</u>
At 1 January 2001	4,659,000
Lapsed	(988,000)
At 31 December 2001	<hr style="border-top: 1px solid black; border-bottom: 1px solid black; height: 3px; width: 100%;"/> 3,671,000

The Company has been granted exemption by the Registrar of Companies vide their letter dated 21 February 2002 from having to disclose the list of option holders and their holdings.

The number of options unexercised of 3,671,000 will expire, if not exercised by 4 November 2002.

11. Revaluation and other reserves

The revaluation and other reserves comprise:

Undistributable	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Exchange fluctuation reserves	15,252	16,816	0	0
Surplus on revaluation of properties	41,798	39,108	0	0
Surplus on revaluation of investment in an associated company	29,258	29,258	29,258	29,258
Capitalisation of revenue reserves in an associated compan	686	686	0	0
	<u>86,994</u>	<u>85,868</u>	<u>29,258</u>	<u>29,258</u>
Goodwill arising on consolidation	(22,532)	(22,532)	0	0
	<u>64,462</u>	<u>63,336</u>	<u>29,258</u>	<u>29,258</u>
Total revaluation and other reserves: At 1 January	63,336	71,293	29,258	29,258
Exchange fluctuation reserves arising in the financial year	(1,564)	(717)	0	0
Surplus on revaluation of properties	2,690	0	0	0
Reclassification of gain on sale of investments to retained earnings	0	(7,240)	0	0
At 31 December	<u>64,462</u>	<u>63,336</u>	<u>29,258</u>	<u>29,258</u>

The undistributable reserves are not distributable as cash dividends.

12. Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM89,000,000 (2000: RM80,000,000) out of its distributable reserves of RM502,168,000 (2000: RM440,803,000) as at 31 December 2001 without incurring any additional tax liabilities. The Company also has tax exempt income as at 31 December 2001 amounting to RM114,222,000 (2000: RM114,222,000) available for distribution as tax exempt dividends to shareholders.

13. Term loans

	Note	Group		Company	
		2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Secured		200,916	124,242	140,916	124,242
Unsecured		0	6,363	0	6,363
Total repayable		200,916	130,605	140,916	130,605
Repayments within 12 months (included in current liabilities)	28	(32,105)	(7,689)	(30,855)	(7,689)
Repayments after 12 months (included in non current liabilities)		168,811	122,916	110,061	122,916
Repayments due in:					
Not later than one year		32,105	7,689	30,855	7,689
Later than one year and not later than five years		128,186	122,916	110,061	122,916
Later than five years		40,625	0	0	0
		200,916	130,605	140,916	130,605

All the term loans are obtained from various financial institutions at annual rates of interest that ranged from 5.25% to 8.30% (2000: 4.20% to 8.80%) per annum.

The term loans of RM200,916,000 (2000: RM124,242,000) and RM140,916,000 (2000: RM124,242,000) obtained by the Group and Company respectively are secured by way of deposits of marketable securities with market value of not less than the facility amount and fixed and collateral registered charges over certain lands and buildings, hotel properties and development properties of the Group as disclosed in notes 18, 19, 16 and 20 respectively.

14. Murabahah underwritten notes and syndicated fixed rate loan

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

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

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

- (a) First legal mortgage on the subsidiary's land together with the properties developed under Phase I of Mid Valley;

14. Murabahah underwritten notes and syndicated fixed rate loan (Continued)

- (b) Corporate guarantee from the Company and subordination of all shareholders' loan;
- (c) Debenture over the assets of the subsidiary; and
- (d) Legal assignments of:
 - (i) all sales and purchase and tenancy agreements, the contractors' performance bonds and insurance contracts;
 - (ii) Mid Valley project account; and
 - (iii) the subsidiary's rights on building contracts, design and drawings of Mid Valley.

As at 31 December 2001, the total amount being issued/drawdown of RM315.5 million (2000: RM379.5 million) for purpose of financing the construction of Phase I of Mid Valley comprises:

- (a) RM115.5 million (2000: RM179.5 million) from MUNIF of which RM30.5 million is due for repayment on 19 March 2002 and the remaining balances of RM40.0 million and RM45.0 million are due for repayment on 19 March 2003 and 19 March 2004 respectively. The cost of financing for the MUNIF facility for the financial year ranged from 4.20% to 4.72% (2000: 3.80% to 5.08%) per annum.
- (b) RM200.0 million (2000: RM200.0 million) from SFRL which will be repayable by ten (10) half-yearly instalments of RM20 million each, commencing at the end of the seventh year from the first drawdown on 16 March 1998. This SFRL carries an interest rate of 9.50% (2000:9.50%) per annum.

15. Deferred taxation

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
At 1 January	2,361	2,361	2,300	2,300
Transfer to income statements	(744)	0	(700)	0
At 31 December	<u>1,617</u>	<u>2,361</u>	<u>1,600</u>	<u>2,300</u>

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

Subject to agreement by the Inland Revenue Board, the amount of unutilised tax losses and unabsorbed capital allowances of certain subsidiaries available for set off against their future income chargeable to tax of the respective subsidiaries amounted to RM106,377,000 and RM60,735,000 (2000: RM97,664,000 and RM66,117,000) respectively. The effect of the unutilised tax losses and unabsorbed capital allowances have not been accounted for in arriving at the provision for deferred taxation of the Group.

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for the financial year ended 31 December 2001



16. Property, plant and equipment

The Group	Freehold land	Leasehold land	Other lands	Buildings	Hotel properties	Plant and machinery	Motor vehicles	Office furniture, fittings and equipment	Capital work-in-progress	Total
2001	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January										
At Cost	2,008	1,558	46,955	470,175	23,733	194,821	3,716	27,244	75,735	845,945
At Valuation	26,999	0	0	0	62,199	0	0	0	0	89,198
Additions	0	0	0	3,589	0	2,921	221	3,544	592	10,867
Revaluation surplus	0	0	0	0	2,690	0	0	0	0	2,690
Write back of over-accrual of cost	0	0	0	0	(462)	0	0	0	0	(462)
Write off	0	0	0	0	0	0	(11)	(74)	0	(85)
Disposals	0	0	0	0	0	0	(624)	(18)	0	(642)
At 31 December	29,007	1,558	46,955	473,764	88,160	197,742	3,302	30,696	76,327	947,511
Accumulated Depreciation										
At 1 January	0	0	0	11,731	0	23,886	2,795	7,895	0	46,307
Charge for the financial year	0	0	953	8,582	0	19,560	470	4,709	0	34,274
Disposals	0	0	0	0	0	0	(624)	(2)	0	(626)
At 31 December	0	0	953	20,313	0	43,446	2,641	12,602	0	79,955
Net Book Value										
At 31 December 2001	26,999	1,558	46,002	453,451	88,160	154,296	661	18,094	76,327	776,130
At Valuation	2,008	0	0	0	64,427	0	0	0	0	91,426
At Cost	29,007	1,558	46,002	453,451	88,160	154,296	661	18,094	76,327	867,556
2000										
At 1 January										
At Cost	2,008	1,558	37,725	608,104	23,733	6,431	3,506	9,035	72,368	764,468
At Valuation	26,999	0	0	0	62,199	0	0	0	0	89,198
Additions	0	0	8,229	10,682	0	26,195	397	18,219	17,952	81,674
Disposals	0	0	0	0	0	0	(187)	(10)	0	(197)
Reclassifications	0	0	1,001	(148,611)	0	162,195	0	0	(14,585)	0
At 31 December	29,007	1,558	46,955	470,175	85,932	194,821	3,716	27,244	75,735	935,143
Accumulated Depreciation										
At 1 January	0	0	0	2,037	0	6,431	2,390	5,985	0	16,843
Charge for the financial year	0	0	0	9,694	0	17,455	592	1,911	0	29,652
Disposals	0	0	0	0	0	0	(187)	(1)	0	(188)
At 31 December	0	0	0	11,731	0	23,886	2,795	7,895	0	46,307
Net Book Value										
At 31 December 2000	26,999	0	0	0	62,199	0	0	0	0	89,198
At Valuation	2,008	1,558	46,955	458,444	23,733	170,935	921	19,349	75,735	799,638
At Cost	29,007	1,558	46,955	458,444	85,932	170,935	921	19,349	75,735	888,836

16. Property, plant and equipment (continued)

The Company

	Buildings RM '000	Plant and machinery RM '000	Motor vehicles RM '000	Office furniture, fittings and equipment RM '000	Total RM '000
2001					
At Cost					
At 1 January	1,359	5,251	1,724	1,859	10,193
Additions	0	0	0	235	235
Disposals	0	0	(353)	0	(353)
At 31 December	<u>1,359</u>	<u>5,251</u>	<u>1,371</u>	<u>2,094</u>	<u>10,075</u>
Accumulated Depreciation					
At 1 January	214	5,251	1,563	1,206	8,234
Charge for the financial year	28	0	144	167	339
Disposals	0	0	(353)	0	(353)
At 31 December	<u>242</u>	<u>5,251</u>	<u>1,354</u>	<u>1,373</u>	<u>8,220</u>
Net Book Value					
At 31 December 2001	<u>1,117</u>	<u>0</u>	<u>17</u>	<u>721</u>	<u>1,855</u>
2000					
At Cost					
At 1 January	1,359	5,251	1,724	1,654	9,988
Additions	0	0	0	205	205
At 31 December	<u>1,359</u>	<u>5,251</u>	<u>1,724</u>	<u>1,859</u>	<u>10,193</u>
Accumulated Depreciation					
At 1 January	187	5,251	1,248	1,064	7,750
Charge for the financial year	27	0	315	142	484
At 31 December	<u>214</u>	<u>5,251</u>	<u>1,563</u>	<u>1,206</u>	<u>8,234</u>
Net Book Value					
At 31 December 2000	<u>1,145</u>	<u>0</u>	<u>161</u>	<u>653</u>	<u>1,959</u>

16. Property, plant and equipment (continued)

(a) Valuation

(i) Freehold Land

The freehold land of a subsidiary stated at valuation were revalued on 8 August 1996 by the Directors based on valuations carried out by independent professional valuers based on a fair market value basis. The revaluation surplus of RM25,587,000, which is not distributable by way of cash dividends, has been included in capital reserves of the Group.

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

The next book value of freehold land of the Group that would have been included in the financial statements had this not been revalued and carried at cost is RM3,419,000 (2000:RM3,419,000).

(ii) Hotel properties

The hotel properties of the Group stated at valuation were last revalued on 1 November 2001 by the Directors based on valuations carried out on a fair market value basis by Elvin Fernandez, member of the Institute of Surveyors, Malaysia, a partner with Khong & Jaafar Sdn Bhd, an independent qualified valuer. The revaluation surplus of RM2,228,563 has been included in the Revaluation Reserve Account of the Group.

The net book value of hotel properties that would have been included in the financial statements had they not been revalued is at cost of RM50,423,351 (2000:RM50,423,351).

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

The hotel properties stated at valuation of RM64,427,000 (2000:RM62,199,000) have been charged as security for certain term loan facilities as disclosed in note 13.

(b) Leasehold land

Leasehold land with lease period of 99 years is not amortised as the Directors are of the opinion that the non-amortisation of the long term lease has no material effect on the financial statements. The depreciation charge for the financial year had the long term leasehold land been depreciated over its leasehold period, amounted to RM15,700.

(c) Other lands

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

(d) Land and buildings, plant and machinery at cost of RM737,016,000 (2000:RM792,379,000) have been charged as security for certain term loan facilities as disclosed in notes 13 and 14.

17. Subsidiaries

	Company	
	2001	2000
	RM '000	RM '000
Unquoted shares, at cost	294,964	293,964
Allowance for diminution in value	(3,057)	(1,525)
	291,907	292,439

Details of subsidiaries are set out on pages 99 and 100.

18. Associates

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Quoted, at cost				
Shares				
- In Malaysia	220,616	220,616	66,531	66,531
- Outside Malaysia	0	30,937	0	30,937
Loan stocks				
- Outside Malaysia	0	16,229	0	16,229
Warrants				
- In Malaysia	4,815	4,815	4,815	4,815
Unquoted shares				
At cost				
- In Malaysia	136,460	136,154	126,500	126,651
- Outside Malaysia	45,101	46,167	0	0
At valuation				
- In Malaysia	50,000	50,000	50,000	50,000
	<u>456,992</u>	<u>504,918</u>	<u>247,846</u>	<u>295,163</u>
Group's share of post acquisition reserves and retained earnings less losses	<u>141,303</u>	<u>151,994</u>	<u>0</u>	<u>0</u>
	<u>598,295</u>	<u>656,912</u>	<u>247,846</u>	<u>295,163</u>
Allowance for diminution in value	<u>(56,484)</u>	<u>(56,484)</u>	<u>0</u>	<u>0</u>
	<u>541,811</u>	<u>600,428</u>	<u>247,846</u>	<u>295,163</u>
Group's share of net assets	<u>541,811</u>	<u>600,428</u>		
Group's share of contingent liabilities	<u>15,282</u>	<u>17,075</u>		
Market value of quoted investments				
Shares				
In Malaysia	364,697	252,574	105,567	86,098
Outside Malaysia	0	89,184	0	89,184
Loan stocks				
Outside Malaysia	0	20,515	0	20,515
Warrants				
In Malaysia	20,500	11,601	20,500	11,601
	<u>385,197</u>	<u>373,874</u>	<u>126,067</u>	<u>207,398</u>

Investments in associates of the Group at cost of RM220,616,000 (2000: RM267,782,000) and of the Company at cost of RM66,531,000 (2000: RM113,697,000) have been charged as security for certain term loan facilities as disclosed in note 13.

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

Details of associates are set out on page 100.

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19. Other investments

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
At cost				
Quoted shares				
In Malaysia	0	65,880	0	0
Outside Malaysia	36,239	36,239	0	0
Unquoted shares				
In Malaysia	6,151	6,151	2,900	2,900
Outside Malaysia	44,564	46,322	0	0
	<u>86,954</u>	<u>154,592</u>	<u>2,900</u>	<u>2,900</u>
Allowance for diminution in value	(42,212)	(57,507)	0	0
	<u>44,742</u>	<u>97,085</u>	<u>2,900</u>	<u>2,900</u>
Market value of quoted investments				
In Malaysia	0	21,145		
Outside Malaysia	34,111	40,908		
	<u>34,111</u>	<u>62,053</u>		

The quoted investments have been charged as security for certain term loan facilities as disclosed in note 13.

20. Development properties and expenditure

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Land and development expenditure, at cost	167,854	281,170	0	0
Attributable profit less foreseeable losses	4,991	82,327	0	0
	<u>172,845</u>	<u>363,497</u>	<u>0</u>	<u>0</u>
Progress payments received and receivable	(14,353)	(232,840)	0	0
	<u>158,492</u>	<u>130,657</u>	<u>0</u>	<u>0</u>

Land and development expenditure of the Group at cost of RM167,854,000 (2000: RM281,170,000) have been charged as security for certain term loan facilities as disclosed in notes 13 and 14.

21. Inventories

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
At cost:				
Inventories of unsold properties	50,073	68,949	37,348	37,348
Consumables	18	0	0	0
Hotel operating supplies	847	910	0	0
	<u>50,938</u>	<u>69,859</u>	<u>37,348</u>	<u>37,348</u>

Inventories of unsold properties of the Group at cost of RM 12,725,000 (2000: RM31,601,000) have been charged as security for certain term loan facilities as disclosed in notes 13 and 14.

22. Marketable securities

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
At cost				
Quoted in Malaysia:				
Shares	9,783	9,783	6,529	6,529
Warrants	7,036	7,036	7,036	7,036
	<u>16,819</u>	<u>16,819</u>	<u>13,565</u>	<u>13,565</u>
Allowance for diminution in value	(2,189)	0	(2,189)	0
	<u>14,630</u>	<u>16,819</u>	<u>11,376</u>	<u>13,565</u>

Market value of quoted investments

Quoted in Malaysia:				
Shares	9,783	10,434	9,783	10,434
Warrants	4,847	7,551	4,847	7,551
	<u>14,630</u>	<u>17,985</u>	<u>14,630</u>	<u>17,985</u>

23. Trade and other receivables

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Trade receivables	55,588	47,481	1,147	1,906
Less: Allowance for doubtful debts	(2,662)	(2,572)	(932)	(914)
	<u>52,926</u>	<u>44,909</u>	<u>215</u>	<u>992</u>
Other receivables	33,229	24,975	17,553	20,626
Less: Allowance for doubtful debt	(1,490)	(2,076)	(1,094)	(1,514)
	<u>31,739</u>	<u>22,899</u>	<u>16,459</u>	<u>19,112</u>
Sundry deposits	1,999	2,053	385	372
Prepayments	1,675	2,083	0	0
Tax recoverable	5,981	0	3,861	0
	<u>94,320</u>	<u>71,944</u>	<u>20,920</u>	<u>20,476</u>

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for the financial year ended 31 December 2001



24. Amount owing by/to subsidiaries

	Company	
	2001 RM '000	2000 RM '000
Amount owing by subsidiaries	746,844	696,531
Less: Allowance for doubtful debts	(16,832)	(8,280)
	730,012	688,251
Amount owing to subsidiaries	227,657	192,569

Amount owing by/to subsidiaries represents advances and are unsecured, have no fixed terms of repayment and carried nominal interest rates on amount owing by subsidiaries (2000: nominal) except for an amount owing by a subsidiary of RM372,037,947 (2000: RM356,711,493) which carries interest at a rate of 6.0% (2000: 8.3%) per annum.

25. Amount owing by/to associates

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Amount owing by associates	147,238	135,388	85,575	73,797
Less: Allowance for doubtful debts	(3,477)	(3,477)	(3,477)	(3,477)
	143,761	131,911	82,098	70,320
Amount owing to associates	42,898	38,779	17,443	13,925

Amount owing by/to associates represents advances and are unsecured, have no fixed terms of repayment and interest free.

26. Trade and other payables

	Note	Group		Company	
		2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Trade payables		53,147	95,688	10	10
Accruals		85,528	62,988	44,785	46,653
Dividend payable		6,415	0	6,415	0
Other payables		20,803	16,755	14,969	15,507
Tenants' deposit received		14,660	16,161	881	987
Amount due to customers on contract	27	12,901	0	0	0
		193,454	191,592	67,060	63,157

Included in other payables is an advance of RM14,000,000 (2000: RM14,000,000) from a related party - Wah Seong (M) Trading Co. Sdn Bhd (Note 32). The advance is unsecured, has no fixed terms of repayment and carries interest at a rate of 7.0% (2000:7.0%) per annum.

27. Construction contracts

	Note	Group	
		2001 RM '000	2000 RM '000
Costs incurred to-date		59,374	38,157
Attributable profit		3,345	2,202
Progress billings		62,719	40,359
		<u>(75,620)</u>	<u>(39,319)</u>
		<u>(12,901)</u>	<u>1,040</u>
Amount due (to)/ from customers on contracts	26	<u>(12,901)</u>	<u>1,040</u>
Retention on contracts		<u>3,123</u>	<u>0</u>

28. Bank borrowings

	Note	Group		Company	
		2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Unsecured					
Current portion of term loans	13	0	6,363	0	6,363
Short term loans		16,000	51,000	16,000	26,000
Bank overdrafts		2,958	5,571	2,958	3,003
Secured					
Short term loans		20,000	0	20,000	0
Current portion of term loans	13	32,105	1,326	30,855	1,326
Murabahah Underwritten Notes	14	30,500	0	0	0
		<u>101,563</u>	<u>64,260</u>	<u>69,813</u>	<u>36,692</u>

The interest rates charged on the bank overdrafts and short term loans of the Group and Company for the financial year ranged from 4.20% to 8.30% (2000: 4.20% to 8.80%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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29. Cash and cash equivalents

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

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Deposits with licensed banks	127,832	11,722	113,150	0
Cash and bank balances	10,432	6,275	1,455	727
Bank overdrafts	(2,958)	(5,571)	(2,958)	(3,003)
	<u>135,306</u>	<u>12,426</u>	<u>111,647</u>	<u>(2,276)</u>

Included in the above is cash at bank amounting to RM405,355 and RM4,401 for the Group and Company (2000: RM413,368 and RM4,421) 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 of the Company.

30. Segment reporting - Group

Business segments	Property Development RM '000	Construction RM '000	Investment Holding RM '000	Hotel and Others RM '000	Group RM '000
2001					
Revenue					
Segment revenue	<u>157,160</u>	<u>23,399</u>	<u>1,107</u>	<u>18,214</u>	<u>199,880</u>
Profit before tax					
Segment results	43,392	551	(26,994)	508	17,457
Share of results of associates	(10,817)	40,715	11,008	3,563	44,469
	<u>32,575</u>	<u>41,266</u>	<u>(15,986)</u>	<u>4,071</u>	<u>61,926</u>
Assets employed					
Segment assets	1,280,531	10,176	117,559	151,834	1,560,100
Associates	103,214	275,808	726	162,063	541,811
	<u>1,383,745</u>	<u>285,984</u>	<u>118,285</u>	<u>313,897</u>	<u>2,101,911</u>
2000					
Revenue					
Segment revenue	<u>291,095</u>	<u>0</u>	<u>637</u>	<u>20,773</u>	<u>312,505</u>
Profit before tax					
Segment results	14,550	0	(9,812)	(9,109)	(4,371)
Share of results of associates	5,057	21,820	11,391	12,054	50,322
	<u>19,607</u>	<u>21,820</u>	<u>1,579</u>	<u>2,945</u>	<u>45,951</u>
Assets employed					
Segment assets	1,080,336	0	191,599	200,570	1,472,505
Associates	114,484	229,140	97,162	159,642	600,428
	<u>1,194,820</u>	<u>229,140</u>	<u>288,761</u>	<u>360,212</u>	<u>2,072,933</u>

30. Segment reporting - Group (continued)

Analysis by geographical location

	Turnover RM '000	Profit Before Tax RM '000	Total Assets Employed RM '000
2001			
Malaysia	199,880	53,247	2,028,074
Asia Pacific	0	(354)	5,833
Others	0	9,033	68,004
	<u>199,880</u>	<u>61,926</u>	<u>2,101,911</u>
2000			
Malaysia	312,505	36,107	1,876,550
Asia Pacific	0	817	137,892
Others	0	9,027	58,491
	<u>312,505</u>	<u>45,951</u>	<u>2,072,933</u>

31. Contingent liabilities

	Group		Company	
	2001 RM '000	2000 RM '000	2001 RM '000	2000 RM '000
Secured guarantees of bank facilities granted to:				
Subsidiaries	0	0	20,484	28,059
Associates	0	1,300	0	1,300
	<u>0</u>	<u>1,300</u>	<u>20,484</u>	<u>29,359</u>

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

32. Significant related party disclosures

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

	Group	
	2001 RM'000	2000 RM'000
(i) Associated companies		
Dividend income:		
- Ipoh Limited	11,836	14,451
- IJM Corporation Berhad	14,197	6,389
- Negara Properties (M) Berhad	869	869
Interest income from Loan stocks		
- Ipoh Limited	1,232	3,892
Advances to:		
- Great Union Properties Sdn Bhd	<u>11,462</u>	<u>10,697</u>

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32. Significant related party disclosures (continued)

(ii) Other related parties	Relationship
Cahaya Utara Sdn Bhd Chan Hooi Chin	An associate of Wah Seong (M) Trading Co. Sdn Bhd Close member of family of Tan Boon Gark, a Director of the Company
Golden Screen Cinemas Sdn Bhd	An associate of Permodalan Nasional Berhad, a significant shareholder of the Company
IJM Construction Sdn Bhd	A subsidiary of IJM Corporation Berhad, an associate of the Group
IPS Project Supply Sdn Bhd Sweat Club Sdn Bhd	A subsidiary of Wah Seong (M) Trading Co. Sdn Bhd A subsidiary of Tan & Tan Developments Berhad, a significant shareholder of the Company
Wah Seong (M) Trading Co. Sdn Bhd	A company in which Robert Tan Chung Meng, a Director of the company, has substantial financial interest

	2001 RM'000	Group 2000 RM'000
Advances from:		
- Wah Seong (M) Trading Co. Sdn Bhd	0	14,000
Management/Marketing fee income from:		
- Cahaya Utara Sdn Bhd	1,245	1,186
Progress billings paid/payable:		
- IJM Construction Sdn Bhd	3,887	2,031
Purchases of building materials from:		
- IPS Project Supply Sdn Bhd	3,367	6,678
Rental income received/receivable from:		
- Golden Screen Cinemas Sdn Bhd	2,591	2,035
- Sweat Club Sdn Bhd	1,107	0
Sale of development properties to:		
- Chan Hooi Chin	1,498	0

32. Significant related party disclosures (continued)

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

	Type of transaction	Group		
		2001 RM'000	2000 RM'000	
(i) Associates				
	Receivables:			
	- Great Union Properties Sdn Bhd	Advances	11,462	10,697
(ii) Other related party - Payable				
	- Wah Seong (M) Trading Co. Sdn Bhd	Advances	0	14,000

33. Comparative figure

The following balance sheet comparative figures of the Group has been reclassified to conform with current financial year's presentation and the requirements of MASB 15.

	Group	
	As previously reported RM'000	As restated RM'000
Hotel properties	85,932	0
Hotel properties included in Property, plant and equipment	0	85,932

34. Significant events

On 25 July 2000, the Company, Tan & Tan Developments Berhad (Tan & Tan) and Gold IS Berhad (formerly known as Dimensi Subuh Sdn Bhd) had signed a Merger Agreement to merge the property related businesses of both the Company and Tan & Tan. The acquisition of the entire equity interest in Tan & Tan by the Company for a purchase consideration of approximately RM644.82 million would be satisfied by RM50.0 million in cash, the issuance of 166,548,514 new ordinary shares of RM0.50 each in the Company ('IGB Shares') at an issue price of RM2.50 per share and 178,444,836 Irredeemable Convertible Preference Shares ('ICPS2002/2007') at par. In addition, the Company has also announced a Bonus Issue of 380,269,012 new IGB Shares on the basis of one (1) new IGB Share for every two (2) existing IGB Shares held at 5.00 p.m. on 11 April 2002 and one (1) new IGB Share for every two (2) IGB Shares to be issued pursuant to the acquisition of the entire interest in Tan & Tan.

All approvals have now been obtained from the relevant regulatory authorities as well as approvals from the shareholders of the Company and Tan & Tan.

The Kuala Lumpur Stock Exchange ('KLSE') has also, vide its letter dated 28 January 2002, approved the admission to the Official List of the KLSE for the listing of and quotation of all new securities to be issued arising therefrom including 178,444,836 ICPS2002/2007, up to 845,656,076 new IGB shares and up to 59,279,107 additional new warrants 1999/2004 in the Company.

In addition, a Court Order was obtained on 29 January 2002 from the High Court of Malaya sanctioning the scheme of arrangement under Section 176 of the Companies Act for the implementation of the Merger. The Court Order was filed with the Registrar of Companies on 31 January 2002. As such the Merger is deemed completed on 31 January 2002.

SUBSIDIARIES

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2001	2000
Bagan Ayam Estate Sendirian Berhad	Property Development	Malaysia	100.0	100.0
Cititel Hotel Management Sdn Bhd	Hotel Management Services	Malaysia	60.0	60.0
Corpool Holdings Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Permata Dunia Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Dian Rezki Sdn Bhd	Property Development	Malaysia	100.0	100.0
Ensignia Construction Sdn Bhd	Construction	Malaysia	100.0	100.0
+ Grapevine Investments Pte Ltd	Investment Holding	Singapore	100.0	100.0
Hai Aun Co Sendirian Berhad	Property Development	Malaysia	100.0	100.0
ICDC Holdings Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Express Management Consultants Sdn Bhd	Management Services	Malaysia	100.0	100.0
ICDC Management Sdn Bhd	Management Services	Malaysia	100.0	100.0
ICDC Properties Sdn Bhd	Dormant	Malaysia	100.0	100.0
Innovation & Concept Development Co Sdn Bhd	Property Development & Management	Malaysia	100.0	100.0
Pasirindu Sdn Bhd	Dormant	Malaysia	100.0	100.0
IEH Corporation Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
IGB Project Management Services Sdn Bhd	Project Management	Malaysia	100.0	100.0
Kemas Muhibbah Sdn Bhd	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
IT&T Engineering & Construction Sdn Bhd	Construction	Malaysia	100.0	100.0
IGB Properties Sdn Bhd	Property Investment	Malaysia	100.0	100.0
IGB Real Estate Sdn Bhd	Dormant	Malaysia	100.0	100.0
Tanah Permata Sdn Bhd	Hotelier	Malaysia	100.0	100.0
K Parking Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Kilat Security Sdn Bhd	Dormant	Malaysia	100.0	100.0
+ Lingame Company Limited	Management Services	Hong Kong	100.0	100.0
* Auspicious Prospects Ltd	Investment Holding	Liberia	100.0	100.0
* Bellegrove Pte Ltd	Investment Holding	Singapore	100.0	100.0
Lucrvest Holdings Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Mid Valley City Sdn Bhd	Property Development & Property Management Services	Malaysia	90.3	90.3
MVC Centre Management Services Sdn Bhd	Dormant	Malaysia	90.3	90.3
X-Speed Skatepark Sdn Bhd	Management of Skate Park	Malaysia	90.3	90.3
Mid Valley Food Management Sdn Bhd	Dormant	Malaysia	100.0	100.0
MVEC Exhibition and Events Services Sdn Bhd	Provision of Exhibition Services	Malaysia	100.0	100.0
Murni Properties Sdn Bhd	Property Development	Malaysia	100.0	100.0
Pacific Land Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
* Beswell Limited	Investment Holding	Hong Kong	100.0	100.0
Pangkor Island Resort Sdn Bhd	Hotelier	Malaysia	100.0	100.0
PIR Management Services Sdn Bhd	Management & Maintenance Services	Malaysia	100.0	100.0

SUBSIDIARIES (continued)

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2001	2000
Pebbles Enterprise Sdn Bhd	Property Development	Malaysia	100.0	100.0
Pekelling Land Sdn Bhd	Property Holding	Malaysia	100.0	100.0
Pekelling Property Sdn Bhd	Property Management & Services	Malaysia	100.0	100.0
Penang Garden Sdn Bhd	Property Development	Malaysia	100.0	100.0
Plaza Permata Management Services Sdn Bhd	Property Management Services	Malaysia	100.0	100.0
Prima Condominium Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Primanah Property Sdn Bhd	Property Development	Malaysia	100.0	100.0
Puncak Megah (M) Sdn Bhd	Property Development	Malaysia	100.0	100.0
Riraian Enterprise Sdn Bhd	Investment Holding	Malaysia	100.0	100.0
Tanah Alam Sdn Bhd	Property Development	Malaysia	100.0	100.0
X-Speed Sdn Bhd	Management of Skate Park	Malaysia	100.0	100.0

ASSOCIATES

Name of Company	Principal Activities	Place of Incorporation	Group's Interest (%)	
			2001	2000
* Asian Equity Limited	Investment Holding	British Virgin Islands	35.0	35.0
* Crystal Centre Properties (International) Ltd	Investment Holding	Hong Kong	45.0	45.0
Earning Edge Sdn Bhd	Investment Holding	Malaysia	30.0	30.0
+ Grapevine Investments (Hong Kong) Limited	Investment Holding	Hong Kong	50.0	50.0
Great Union Properties Sdn Bhd	Hotelier	Malaysia	50.0	50.0
+ Great Union Properties (S) Pte Ltd	Hotel Marketing	Singapore	50.0	50.0
IJM Corporation Berhad	Construction, Property Development and Investment Holding	Malaysia	20.2	20.2
+ Ipoh Limited	Property Holding	Australia	0	20.6
* Istaron Limited	Investment Holding	Hong Kong	50.0	50.0
Johan Kekal Sdn Bhd	Property Development	Malaysia	50.0	50.0
Kundang Properties Sdn Bhd	Property Development	Malaysia	50.0	50.0
Macroland Holdings Sdn Bhd	Property Development	Malaysia	30.0	30.0
* Micasa Hotel Limited	Hotelier	Myanmar	30.0	30.0
* Negara Properties (M) Berhad	Property Development	Malaysia	24.6	24.6
* New Commercial Investments Limited	Investment Holding	British Virgin Islands	35.0	35.0
Rapid Alpha Sdn Bhd	Construction	Malaysia	50.0	0
* Ravencroft Investments Incorporated	Investment Holding	British Virgin Islands	41.2	41.2
* Saigon Inn Hotel Co	Hotelier	Vietnam	33.8	33.8
* St Giles Hotel Ltd	Hotelier	United Kingdom	41.2	41.2
* St Giles Hotel (Heathrow) Ltd	Hotelier	United Kingdom	35.0	35.0
Sukatan Garisan Sdn Bhd	Property Holding	Malaysia	50.0	50.0
* Weian Investments Pte Ltd	Property Development & Trading	Singapore	49.0	49.0
Wilson Parking Sdn Bhd	Management of Car Parks	Malaysia	24.5	24.5

+ Companies audited by member firms of PricewaterhouseCoopers International

* Companies not audited by PricewaterhouseCoopers

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

We, Robert Tan Chung Meng and Abdul Samad Bin Haji Alias, two of the Directors of IGB Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 68 to 101 are drawn up so as to exhibit a true and fair view of the state of affairs of the Group and Company as at 31 December 2001 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 16 April 2002.

Robert Tan Chung Meng
Managing Director

Abdul Samad Bin Haji Alias
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 68 to 101 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 16 April 2002.

Before me:

Kok Yoon Wah

Commissioner for Oaths

REPORT OF THE AUDITORS
to the members of IGB Corporation Berhad
for the financial year ended 31 December 2001

We have audited the financial statements set out on pages 68 to 101. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and Company as at 31 December 2001 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

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

REPORT OF THE AUDITORS

to the members of IGB Corporation Berhad
for the financial year ended 31 December 2001

The names of the subsidiaries of which we have not acted as auditors are indicated on pages 99 and 100 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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

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

PricewaterhouseCoopers

(AF: 1146)

Chartered Accountants

Shirley Goh

(No. 1778/08/02 (J))

Partner of the firm

Kuala Lumpur

16 April 2002

LIST OF PROPERTIES
held by IGB Corporation Berhad and ITS Subsidiaries
as at 31 December 2001

Location	Description	Area	Tenure	Net book value as at 31.12.2001 (RM '000)	Approximate age of building
PN 1765 Lot 123 Sec 44 Kuala Lumpur	Land for future development	4,049 sm	Leasehold expiring 26.3.2074	18,461	-
CT 10823 Lot 15 Sec 88A Kuala Lumpur	Land for future development	20,446 sf	Freehold	3,817	-
CT 10824 Lot 16 Sec 88A Kuala Lumpur	Land for future development	20,364 sf	Freehold	2,573	-
No.6 Jalan Kampar 50400 Kuala Lumpur	25-storey office building known as Plaza Permata	214,000 sf	Freehold	37,576	18 yrs
Lot Nos. 13041, 13042, 14905, 14999, 15545, 21932, 41490, 41491, 33567, 30323, 30324, 30325 & 30218 All in Mukim Hulu Kinta, Perak	Land for future development	60.83 acres	Freehold	5,295	-
Lot No. 44747 Mukim Hulu Kinta, Perak	Land for future development	140.3 acres	Leasehold expiring 29.7 2061	7,940	-
Lot 45845 Kuala Lumpur	Land currently under development into 132 units luxury condominiums	3.5 acres	Freehold	10,911	-
CT 16118 Lot No. 40 Sec 88A Kuala Lumpur	Land for future development	16,150 sf	Freehold	879	-
P.T.1Sec 44 Kuala Lumpur	Land for future development	32,670 sf	Leasehold expiring 26.5 2073	7,632	-
Mid Valley City Lingkar Syed Putra Kuala Lumpur	629-room Business Class Hotel known as Cititel Mid Valley	-	-	58,679	2 yrs
Mid Valley City Lingkar Syed Putra Kuala Lumpur	17-levels office building known as Menara IGB	212,000 sf	-	53,377	2 yrs
Geran 17995 Lot. 110423 Mukim Hulu Kinta, Perak	3-storey shopping complex known as "Ipoh Garden Plaza" at Jalan Sultan Azlan Shah Utara, Ipoh	80,000 sf	Freehold	3,864	19 yrs

LIST OF PROPERTIES

held by IGB Corporation Berhad and ITS Subsidiaries
as at 31 December 2001

Location	Description	Area	Tenure	Net book value as at 31.12.2001 (RM '000)	Approximate age of building
Lot Nos. 3577 to 3580, 3588, 3590, 3592, 3593, 3599 to 3604, 3726, 3727, 3740, 3594, 3741, 3744 to 3748, 3760, 3761, 3939, 3731, 3566, 354 & 355 Mukim Lumut, Pangkor Island	250-room Hotel known as "Pan Pacific Resort Pangkor"	45.14 hectares	Freehold	91,426* ¹	16 yrs
PT 290 Mukim Morib, Selangor	Land for future development	20 acres	Leasehold expiring 16.8.2094	1,478	-
Lot Nos. 1529, 1743 & 3484 Mukim Rawang, Selangor	Land for future development	63.12 acres	Freehold	1,491	-
Lot Nos. 2, 19, 21 to 27, 34, 37, 156, 157, 2143, 2372, 2373, 2375, 2377, 3978 Kuala Lumpur	Part of land currently under development for Mid Valley City	10.85 acres	Freehold))))) 914,461)))))	-
Lot Nos. PT1 & PT4 Kuala Lumpur	Part of land currently under development for Mid Valley City	38.49 acres	Leasehold expiring 5.5.2085		-
Lot No. 200 Kuala Lumpur	Part of land currently under development for Mid Valley City	0.82 acres	Leasehold expiring 26.11.2024		-
The above 50.16 acres of land in Mid Valley City is being developed/to be developed into the following: 1. Mid Valley Megamall (1,653,603 sf) 2. Unsold signature offices (56,603 sf) 3. Development rights for 5 office towers with built-up area of 1,128,302 sf. 4. Parcel 2 vacant commercial land for future development (421,888 sf) 5. Parcel 3 vacant commercial land for future development (96,286 sf) 6. Parcel 4 vacant land for residential development					

*¹ Revalued on 1 November 2001 as disclosed in note 16 in the notes to the financial statements.



FORM OF PROXY

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

I/We
 (FULL NAME IN BLOCK CAPITALS)
 of
 being a member/members of IGB CORPORATION BERHAD ('Company'), hereby appoint
 of
 or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirty-Eighth 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, 29 May 2002 at 12.00 p.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

No.	Resolutions	For	Against
1.	Adoption of Reports and Financial Statements		
2.	Declaration of Final Dividend		
3.	Re-election of Robert Tan Chung Meng		
4.	Re-election of Tan Boon Seng		
5.	Re-election of Tan Boon Gark		
6.	Re-appointment of PricewaterhouseCoopers as Auditors		
7.	Special Business: Ordinary Resolution - Section 132D, Companies Act, 1965: Issue of New Shares		

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

Dated this day of 2002

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

Notes:

- Every shareholder is entitled to appoint a proxy, and in the case of a corporation, to appoint a representative, to attend and vote in its place. A proxy need not be a shareholder of the Company.
- This Form of Proxy must be signed by the appointor or his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
- You may not appoint more than two (2) proxies to attend and vote at the same meeting. Where two (2) proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointment to be valid.
- If this Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he/she thinks fit.
- This Form of Proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of the Company at Penthouse, Menara IGB, No. 1 The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Annual General Meeting or at any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

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AFFIX
STAMP

The Company Secretary

IGB CORPORATION BERHAD (5745-A)

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

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IGB Corporation Berhad(5745-A)
Penthouse, Menara IGB, No.1, The Boulevard, Mid Valley City,
Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.
Tel : 2289 8989 Fax : 2289 8802