TAMBUN INDAH
恒大置地

ANNUAL REPORT 2013

Pearl Garden @ Pearl City

Table of Contents

03 Corporate Information
04 Corporate Structure
05 Financial Highlights
07 Chairman's Statement
12 Managing Director's Message
16 Corporate Social Responsibility
17 Directors' Profile
20 Senior Managements' Profile
21 Corporate Governance Disclosure
30 Statement on Risk Management and Internal Control
32 Audit Committee Report
36 Additional Compliance Information
37 List of Properties held by the Group
42 Analysis of Shareholdings
44 Analysis of Warrant Holdings
47 Financial Statements
152 Notice of Annual General Meeting
Enclosed Proxy Form

Pearl Villas @ Pearl City

Tambun Indah Land Berhad

Pearl Indah 1 @ Pearl City

Corporate Information

Board of Directors

Lai Fook Hoy
Independent Non-Executive Chairman

Teh Kiak Seng
Managing Director

Teh Theng Theng
Executive Director

Tsai Chia Ling
Non-Independent Non-Executive Director

Yeoh Chong Keat
Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Independent Non-Executive Director

Audit Committee

Yeoh Chong Keat
Chairman / Independent Non-Executive Director

Lai Fook Hoy
Member / Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Member / Independent Non-Executive Director

Remuneration Committee

Lai Fook Hoy
Chairman / Independent Non-Executive Director

Teh Kiak Seng
Member / Non-Independent Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Member / Independent Non-Executive Director

Nominating Committee

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Chairman / Independent Non-Executive Director

Tsai Chia Ling
Member / Non-Independent Non-Executive Director

Yeoh Chong Keat
Member / Independent Non-Executive Director

Company Secretaries

Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

Registered Office

51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel : 604-210 8833
Fax : 604-210 8831

Business Address

12-01 Penthouse Wisma Pantai
Jalan Wisma Pantai
Kampung Gajah
12200 Butterworth
Penang
Tel: 604-324 0088
Fax: 604-324 0090
Website: www.tambunindah.com

Auditors

BDO (AF 0206)
Chartered Accountants
51-21-F Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel: 604-227 6888
Fax: 604-229 8118

Principal Bankers

OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad

Share Registrar

Equiniti Services Sdn Bhd (Company No. 11324-H)
Level 8, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 603-2166 0933
Fax: 603-2166 0688

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Corporate Structure

Tambun Indah Land Berhad

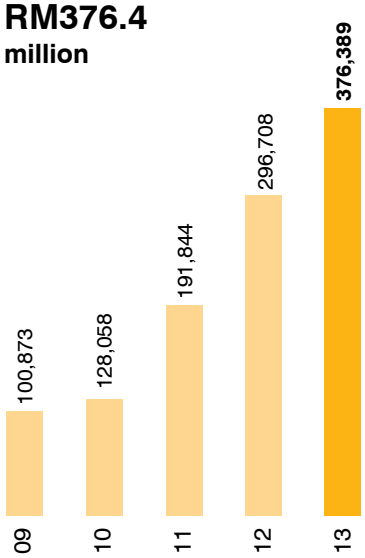
100%	Cenderaman Development Sdn. Bhd.	Property Development
100%	Denmas Sdn. Bhd.	Project & Construction Management
100%	Denmas Development Sdn. Bhd.	Property Development
100%	Epiland Properties Sdn. Bhd.	Property Management
100%	Hong Hong Development Sdn. Bhd.	Property Development
100%	Intanasia Development Sdn. Bhd.	Property Development
100%	Jasnia Sdn. Bhd.	Property Development
100%	Juru Heights Sdn. Bhd.	Property Development
100%	Langstone Sdn. Bhd.	Investment Holding & Operation Of Car Park
100%	Palmington Sdn. Bhd.	Property Development
100%	Novinia Sdn. Bhd.	Dormant
50%	TNC Capital Sdn. Bhd. (Joint venture)	Building & Leasing of Properties
100%	Perquest Sdn. Bhd.	Property Development
100%	Premcourt Development Sdn. Bhd.	Property Development
100%	Pridaman Sdn. Bhd.	Property Development
100%	Tambun Indah Development Sdn. Bhd.	Property Development
100%	Tambun Indah Sdn. Bhd.	Property Development
100%	TID Development Sdn. Bhd.	Property Development
100%	TKS Land Sdn. Bhd.	Investment Holding
50%	Ascention Sdn. Bhd.	Property Development
50%	CBD Land Sdn. Bhd.	Property Development
100%	Tokoh Edaran Sdn. Bhd.	Construction Management
50%	Zipac Development Sdn. Bhd.	Property Development
45%	Ikhtiar Bitara Sdn. Bhd. (Associate)	Property Development

Financial Highlights

Given that our Group was only formed on 11 November 2010, the financial highlights were prepared based on the assumption that our Group has been in existence from 1 January 2008 onwards.

Revenue

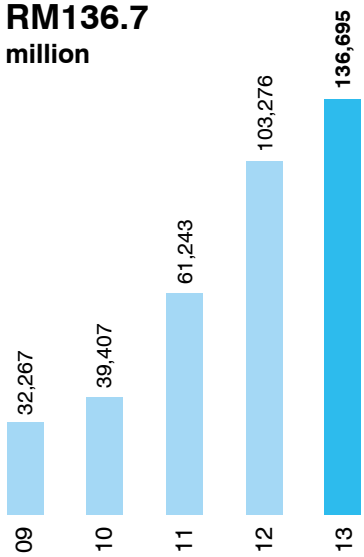
RM376.4 million



(RM' 000)

Gross Profit

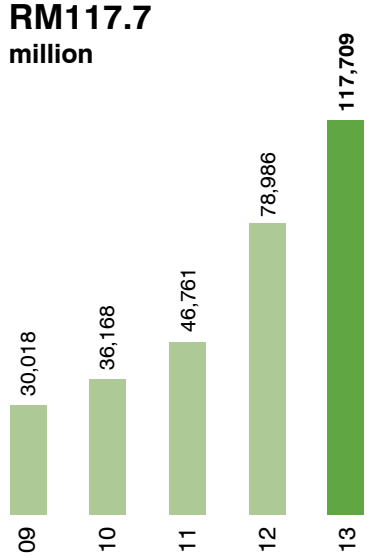
RM136.7 million



(RM' 000)

Profit Before Tax

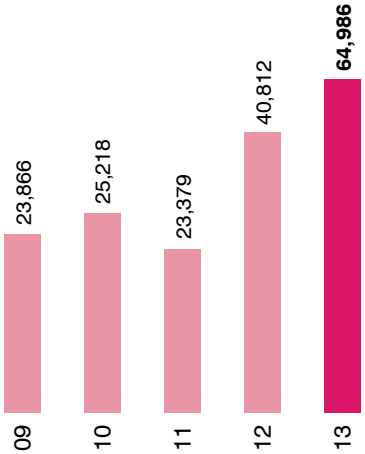
RM117.7 million



(RM' 000)

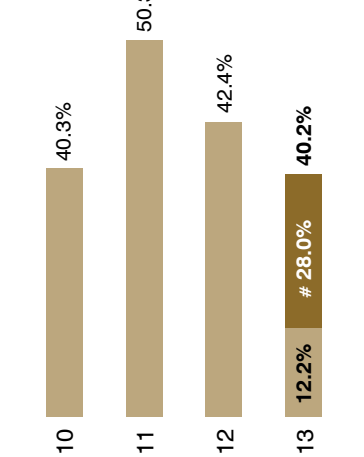
Net Profit Attributable to Equity Holders

RM65.0 million



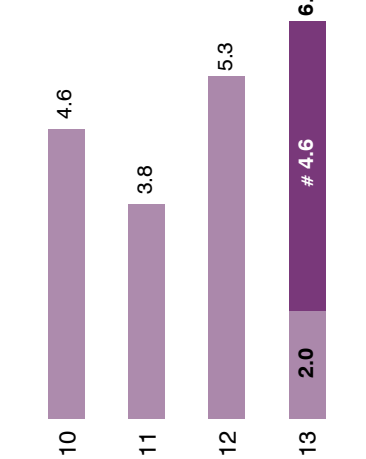
(RM' 000)

Dividend Payout



4.6 sen of final dividend subject to shareholders' approval

Dividend Per Share (sen)



4.6 sen of final dividend subject to shareholders' approval

Financial Highlights (Cont'd)

Given that our Group was only formed on 11 November 2010, the financial highlights were prepared based on the assumption that our Group has been in existence from 1 January 2008 onwards.

Summarised Group Statement of Comprehensive Income

	Financial Year Ended 31 December				
	Proforma 2009 RM'000	Proforma 2010 RM'000	Audited 2011 RM'000	Audited 2012 RM'000	Audited 2013 RM'000
Revenue	100,873	128,058	191,844	296,708	376,389
Gross Profit	32,267	39,407	61,243	103,276	136,695
Profit Before Tax	30,018	36,168	46,761	78,986	117,709
Net Profit Attributable to Equity Holders	23,866	25,218	23,379	40,812	64,986

Summarised Group Financial Position

	Audited 2012 RM'000	Audited 2013 RM'000
Total non-current assets	136,725	157,130
Total current assets	307,148	339,779
Total assets	443,873	496,909
Share capital	155,422	197,113
Share premium	6,525	63,921
Other reserves	1,133	1,387
Retained earnings	60,135	47,646
Shareholders' equity	223,215	310,067
Non-controlling interests	38,702	3,515
Total non-current liabilities	78,883	73,819
Total current liabilities	103,073	109,508
	443,873	496,909
Net assets per share (RM)	0.72	0.79

Financial Analysis

	2009	2010	2011	2012	2013
Gross Profit Margin	31.99%	30.77%	31.92%	34.81%	36.32%
Profit Before Tax Margin	29.76%	28.24%	24.37%	26.62%	31.27%
Net Profit Margin	23.66%	19.69%	12.19%	13.75%	17.27%
		2010	2011	2012	2013
Cash and bank balances (RM'000)		27,190	39,291	95,972	125,939
Total borrowings (RM'000)		23,069	77,952	83,825	98,169
Gearing (net of cash)		Net Cash	24.89%	Net Cash	Net Cash

Chairman's Statement

Dear Shareholders,

Against the backdrop of cooling measures announced by both the Federal and State Governments and more stringent requirements imposed by banks on loans for the purchase of property, many property buyers were cautious in their purchase decisions during 2013.

However, affordable homes in growth areas which are supported by good transport connectivity were highly sought-after. Your company, a pioneer in developing innovative yet affordable property in mainland Penang since 1994, was able to weather the volatility in the property sector.

On behalf of the Board of Directors of Tambun Indah Land Berhad (Tambun Indah or the Group), I am pleased to present the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2013 (FY2013).

Financial Performance

The continued demand for affordable homes, coupled with our good construction progress of the ongoing projects propelled Tambun Indah to achieve its best-ever performance in FY2013.

Group topline surged 26.9% to RM376.4 million from RM296.7 million in the previous year, mainly due to improved take-up rates and higher billings from the Group's ongoing projects. Correspondingly FY2013 profit before tax increased 49.0% to RM117.7 million compared to RM79.0 million in FY2012. I am pleased to report that basic earnings per share rose to 19.8 sen per share, 32.4% higher than the 14.9 sen per share in FY2012.

The Group's total borrowings increased somewhat to RM98.2 million from RM83.8 million a year ago, largely due to higher short-term borrowings for project financing purposes.

Nonetheless, our balance sheet remained robust, with shareholders' equity rising 38.9% to RM310.1 million from RM223.2 million a year ago, while cash and bank balances rose 31.2% to RM125.9 million from RM96.0 million previously.

With its net cash position at end-FY2013, the Group is in a good position to fund additions to its landbank and to undertake growth strategies for future expansion.

Pearl Impian @ Pearl City

Chairman's Statement (Cont'd)

Pearl Residence @ Pearl City

Dividends

Tambun Indah has in place a dividend policy of distributing 40% to 60% of net profit to shareholders.

An interim single-tier dividend of 2.0 sen per share in respect of FY2013 was paid on 18 February 2014. Additionally, the Board is pleased to propose a final single-tier dividend of 4.6 sen per share for shareholders' approval at the forthcoming Annual General Meeting. Together the total dividend payable for FY2013 will be 6.6 sen per share, or approximately RM26.0 million which constitutes 40.2% of the Group's net profit.

Award

We were delighted and honoured to be selected to Forbes Asia's list of "200 Best Under A Billion". The criteria for selection are sales growth, earnings growth and return on equity for public listed companies in the Asia Pacific region with annual revenue between USD5.0 million and USD1.0 billion.

To be one of the 200 selected out of about 15,000 companies is a remarkable achievement for Tambun Indah, as it not only affirms our strong track record in the past, but also strengthens our resolve to sustain our growth in the future.

Chairman's Statement (Cont'd)

Corporate Developments

- ***TNC Capital Sdn Bhd (TNC) to develop shopping complex***

On 28 May 2013, Tambun Indah announced that its 60% subsidiary Palmington Sdn Bhd (PSB) had entered into a Shareholders' Agreement with Ripro Sdn Bhd to jointly develop 15.55 acres of land within Pearl City into a shopping complex via a new company TNC.

Concurrently, PSB entered into a Sale and Purchase Agreement (SPA) with TNC for the sale of the said 15.55 acres to TNC for a total cash consideration of RM 12.9 million. The proceeds from the land sale will be utilised as working capital for PSB, including the construction of the said shopping complex.

With the development of the shopping complex, the Group should benefit from the increased vibrancy in Pearl City, as well as a recurring rental income stream.

- ***Acquisitions of the balance of equity interests in two subsidiaries – Palmington Sdn Bhd (PSB) and Tambun Indah Development Sdn Bhd (TIDSB)***

On 21 June 2013, Tambun Indah entered into a share purchase agreement with Pembangunan Bandar Mutiara Sdn Bhd, a wholly-owned subsidiary of Nadayu Properties Berhad (Nadayu) to acquire the balance 40% stake in PSB, and the balance 30% stake in TIDSB for a total consideration of RM88.2 million, to be satisfied by the issuance of 55.0 million new Tambun Indah ordinary shares at an issue price of RM1.30 each and a cash payment of RM16.7 million.

Following approvals from regulatory authorities and the respective shareholders of Tambun Indah and Nadayu, the acquisitions were completed on 18 November 2013.

As PSB and TIDSB are involved in the development of the Pearl City project, the acquisitions will allow the Group to consolidate the entire future earnings from the Pearl City project into its accounts.

- ***Private placement of up to 15.0 million new ordinary shares of RM0.50 each in Tambun Indah (private placement)***

On 21 June 2013, Tambun Indah proposed a private placement of up to 15.0 million new ordinary shares of RM0.50 each, representing up to 4.71% of the issued and paid-up capital of Tambun Indah.

The placement, at an issue price of RM1.32 per share, was completed on 2 August 2013. The proceeds of RM19.8 million were largely utilised to fund the acquisition of the balance equity stakes of PSB and TIDSB.

- ***Acquisition of Novinia Sdn Bhd (Novinia)***

On 12 December 2013, Tambun Indah acquired two ordinary shares of RM1.00 each in Novinia, representing its entire issued and paid-up capital of Novinia, a property development company, for total cash consideration of RM2.00.

Novinia had on 21 October 2013 signed a SPA with Pesaka Saujana Development Sdn Bhd (Pesaka) to acquire two pieces of land measuring a total of 20.9 acres for a total consideration of RM12.7 million. The two pieces of land are adjacent to Pearl City, and have residential development potential.

The purchase of the said land pursuant to the SPA was completed in January 2014. Funding for the land purchase and its future development will be financed through internally-generated funds and bank borrowings.

The acquisition is part of the Group's strategy to identify suitable land in strategic locations to expand its landbank, and to enhance Tambun Indah's standing as a property developer in Penang.

Chairman's Statement (Cont'd)

Future Outlook

Penang has always been a location of choice for investors, both foreign and local. Given its attractiveness from the investment perspective the labour force in the state had grown steadily, increasing by more than 11% over the past 3 years. This is one of the main drivers for the healthy and vibrant property market.

The consensus of property consultants is that the property market in mainland Penang will be bullish following the opening of the Sultan Abdul Halim Mu'adzam Shah Bridge linking Batu Maung and Batu Kawan. Also with the state's emphasis on the development of Batu Kawan's new township and industrial park, growth in Seberang Perai Selatan will be robust. That several KL-based developers are also establishing their presence in the area further supports this.

Property prices on the island are slowly but surely moving beyond the reach of much of the working population. Therefore purchasers have been actively seeking for alternatives on the mainland. Tambun Indah's Pearl City development is well placed to meet this demand, and the strong take-up rate for the Group's projects confirms this. In this light, the Group will continue with its focus on providing high quality and affordable homes. We believe that our reputable branding and good track record will continue to sustain demand for our property projects.

Tambun Indah will be rolling out new residential and commercial projects with a projected GDV of RM690 million in FY2014. Together with the GDV of RM 1.34 billion from existing project as at end-FY2013, the Board is positive on the prospects of the Group in the current year.

Corporate Social Responsibility (CSR)

CSR is an integral part of the Group's business strategy. We are committed to making positive contributions to the communities where our projects are located.

Our CSR initiatives are highlighted in the Statement on Corporate Social Responsibility of the Annual Report.

Chairman's Statement (Cont'd)

Corporate Governance

Your Board of Directors continues to uphold and implement high standards of corporate governance, risk management, and internal controls throughout the Group.

These measures are to ensure the sustainable growth of the business, and continued creation of shareholder value.

The measures, the Group have adopted to ensure this, are detailed in the Corporate Governance Disclosure in this Annual Report.

Appreciation

FY2013 was a year of successes for the Group. On behalf of the Board, I wish to extend our sincere appreciation to the many parties which contributed to the Group's success.

I would like to express gratitude to our shareholders for their continued trust and confidence in Tambun Indah.

To the management and staff, we are grateful for your hard work, dedication and commitment which contributed immensely to the success of the Group.

Our sincere thanks also go out to our valued customers, bankers, business associates, and the relevant authorities for their cooperation and support during the year.

I would like to pay tribute to two members of the Board who resigned during the year, Mr Tsai Yung Chuan and Mr Thaw Yeng Cheong. Their worthy contributions to the Board and the Group are acknowledged with thanks. We welcome Ms Tsai Chia Ling's re-designation as a non-executive non-independent director. To all my fellow directors, I thank you for your counsel, participation and support during the year.

Thank you.

Lai Fook Hoy
Chairman

Pearl Indah 3 @ Pearl City

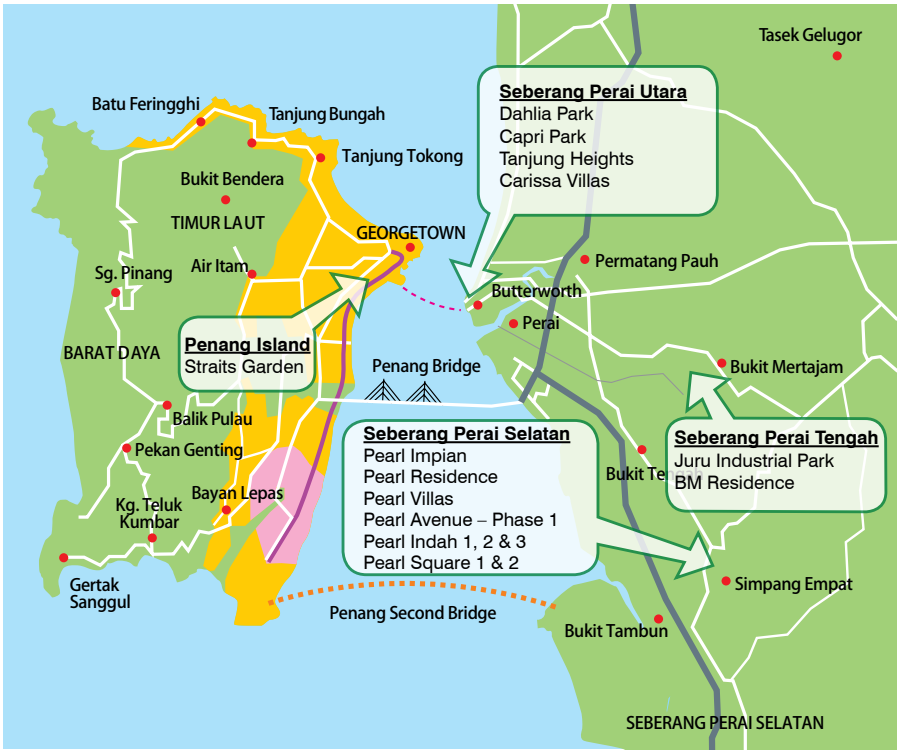
Managing Director's Message

The steady construction progress of the Penang Second Bridge in the year, which was completed on 2 March 2014, coupled with the state Government's focus to develop the manufacturing and services sector, accelerated the growing vibrancy in Mainland Penang, thereby enhancing the attractiveness of the Mainland Penang property market.

With its long experience in delivering affordable residential housing and high-quality developments primarily in Mainland Penang, Tambun Indah was able to leverage on its expertise to effectively capitalize on the rising housing demand.

Operations Review

Tambun Indah's Ongoing Projects



The sustained demand for our properties is demonstrated in the improved property sales in the year under review. We sold a total of 1,058 units of property in FY2013 – 10.6% higher compared to 957 units in the previous year.

More significantly, the Group was able to secure better selling prices for its products, with total FY2013 property sales rising 23.6% to RM495.7 million, from RM400.9 million in the previous year. The commendable uptrend undoubtedly reflects buyers' acceptance of our suite of products, and affirms our timely property launches in line with demand.

Tambun Indah launched in early FY2013 the first phase of Pearl Avenue in Pearl City, a new commercial development which features two-and three-storey shop offices with an estimated gross development value (GDV) of RM82.6 million.

The Group also launched the subsequent phase of the Straits Garden development in FY2013, consisting of apartment units with a total estimated GDV of RM27.1 million. The Penang Island development was first launched in the financial year ended 31 December 2012 (FY2012) and had received warm reception from buyers.

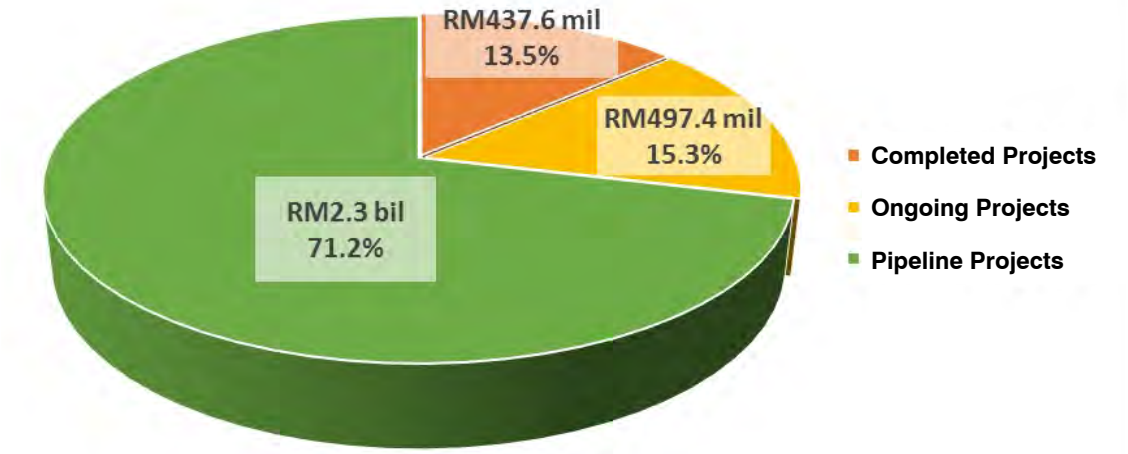
Combined with previous launches in the recent years, the GDV of the Group's ongoing projects totalled RM1.34 billion as at 31 December 2013.

Managing Director's Message (Cont'd)

Of this, the Group achieved an average take-up rate of 83.5% for all of its ongoing projects as at 31 December 2013. Unbilled sales stood at RM455.4 million which will be recognized over the next two to three years.

- Simpang Ampat

Pearl City
Completed, Ongoing, & Future GDV (as at 31 March 2014)**:**
RM3.2 billion



Pearl City, the Group's flagship integrated township, is located in Simpang Ampat.

Started in 2009, the township with a total projected GDV of RM3.2 billion is only in the fifth year of development. Up to end-FY2013, more than 930 units of residential and commercial properties had been built. Pearl City's close proximity and easy access to the Penang Second Bridge provides further appeal to our prospective buyers.

We believe that the township's strategic location and our strong record of delivery in Pearl City have led to improving take-up rates for ongoing projects in the township, namely Pearl Villas, Pearl Square 1 & 2, Pearl Indah 1, 2, & 3, Pearl Residence, Pearl Impian, and the first phase of Pearl Avenue.

Tambun Indah has commenced work on the Pearl City Business Park, a dedicated 107-acre commercial enclave in the heart of the township. The Business Park is planned to have facilities like a shopping complex, retail shops, food and beverage outlets, to be the lifestyle and recreational destination of choice for residents in Pearl City and the surrounding vicinity.

In May 2013, Tambun Indah sold a 15.55-acre land in Pearl City Business Park to TNC for the development of a shopping complex. TNC is 50-50 owned by our wholly-owned subsidiary, Palmington Sdn Bhd (PSB), and Ripro Sdn Bhd.

The first phase of the planned shopping complex in Pearl City Business Park covers a build-up area of not less than 200,000 square feet, and construction is expected to be completed by end-2015.

Another major development in the year was the partnership between Tambun Indah and GEMS Maju Sdn Bhd (GEMS Maju) to establish a GEMS International School campus within the Pearl City Business Park. Under the agreement, Tambun Indah will construct the school campus and lease it to GEMS Maju for a period of 30 years. The international school, being the first in Mainland Penang, will cater to the growing community of expatriate families living in the mainland and raise the profile of the township. GEMS International School Penang is set to be completed in mid-2015.

Recognising the growth potential of Pearl City, the Group acquired the remaining minority equity interest in two subsidiaries that are undertaking the development of the Pearl City township, namely PSB and Tambun Indah Development Sdn Bhd. Following the completion of both acquisitions in November 2013, the Group has full ownership of the Pearl City township project, and this will contribute positively to the Group's revenue and profit in the future.

Managing Director's Message (Cont'd)

- **Butterworth**

Located just across the channel from Georgetown, with close access to the ferries and the Penang Bridge, Butterworth is an established town in Mainland Penang.

In keeping with our track record, we completed and delivered Dahlia Park in 2013, which consists of an 18-storey block containing 134 condominium units and 12 units of shop offices.

In the same year, we also completed and handed over Tanjung Heights, featuring a 13-storey block comprising 148 condominium units, a four-storey multi-level car park and 17 units of shop offices.

At end-FY2013, both of our ongoing mixed development projects, Kelisa Residence and Carissa Villas enjoyed steady demand, a reflection of our reputation in Mainland Penang.

Bukit Residence

- **Bukit Mertajam**

Tambun Indah completed Impian Residence in 2013, which consists of two-storey terrace houses in Alma, Bukit Mertajam.

Given their strategic location, our other projects, Juru Industrial Park which comprises industrial factories, and BM Residence, a mixed development of condominiums and landed residences, continued to experience strong interest in 2013.

- **Penang Island**

Tambun Indah's sole development in Penang Island, Straits Garden, was launched in October 2012. Our ongoing phases of high-end executive/studio business suites, condominiums and apartments have also received positive response from prospective buyers.

Straits Garden is targeted for full completion in 2016.

Pearl Villas @ Pearl City

Managing Director's Message (Cont'd)

International School

Growth Strategies

There is no doubt that the Penang economy is set to grow further, given the tremendous influx of foreign as well as local investment. This shall lead to ample job creation in the coming years, particularly in Mainland Penang. The corresponding migration of the workforce, not only from within Penang but also from the northern region, is expected to increase the demand for properties.

Furthermore, with prices of properties on the Penang Island rising beyond the means of the middle-income group, we believe that demand for affordable residences remains intact.

Moreover, the recently-opened Penang Second Bridge would greatly enhance connectivity between Penang Island and Mainland Penang, thereby acting as a growth catalyst for business and population growth.

Mindful of the major infrastructure boost and increasing job opportunities in Mainland Penang, we are optimistic of the Group's prospects going into 2014.

Hence, we will maintain our focus on rolling out more affordable yet high quality residential properties on the mainland. To this end, Tambun Indah is targeting to unveil six new residential and commercial projects with an approximate GDV of RM690.0 million in FY2014 to meet the anticipated demand.

Also, we will continue seeking suitable partners for Pearl City Business Park to achieve our objective of becoming the preferred lifestyle hub in Mainland Penang.

As at 31 December 2013, Tambun Indah has more than RM2.5 billion GDV worth of projects in the pipeline, while the Group's total undeveloped landbank size stands at 595.2 acres which should meet our development needs in the medium term.

Still, we will sustain our efforts to identify and expand our landbank within and beyond Penang to sustain our growth going forward. We intend to continue leveraging on our township development experience to duplicate our success.

Lastly, we will continue to innovate product designs and lifestyle concepts to build on Tambun Indah's brand image as a quality developer with groundbreaking ideas at affordable prices.

Conclusion

Heading into 2014, the Group will continue to implement sound strategies to overcome the many uncertainties in the property market to ensure the sustainability of our business in the Malaysian property market for the longer term.

We are hopeful that we can count on your continued partnership, confidence and support in the future.

Thank you.

Ir. Teh Kiak Seng
Managing Director

Corporate Social Responsibility

Tambun Indah's CSR activities are embedded into our business practices as a key tenet in contributing to the wellbeing of the larger society.

The Community

Over the years, Tambun Indah regularly extended a helping hand to various charitable causes and notable educational institutions to facilitate their ongoing good works. In the financial year ended 31 December 2013 (FY2013), we continued the past practice of making financial donations to several non-profit organisations in line with alleviating the burden of the underprivileged; and made donations to vernacular schools.

Besides, we also carried out earth filling works for a Muslim cemetery near Bandar Tasek Mutiara, in tandem with efforts to give back to the community. In addition, we have also volunteered to undertake road construction works for an old folk's home in Penang, as part of our CSR initiatives.

The Environment

Tambun Indah strongly believes in the practice of preservation and the protection of the environment. Therefore, alongside other property developers, professional organisations, and environmental agencies in Penang, we constantly carry out upgrading works for recreational parks within residential areas as well as refurbishing of several public amenities and facilities in the state.

Durian tree @ Pearl City

Another prime example of our conservation efforts is the preservation of raintrees and durian trees within the compound of our new gated development project in Pearl City, aptly named Rain Tree Park. This majestic landscaping feature upkeeps the natural greenery within its eco system for the benefit of the environment and residents.

Moreover, we are always seeking methods to reduce the Group's carbon footprint mainly by emphasising on environmental-friendly options in our operations. These include practical measures such as placing recycle bins within the office compound, using recycled paper to prevent paper wastage, and utilising energy-efficient appliances within the workplace.

Raintree @ Pearl City

The Marketplace

The success of Tambun Indah thus far is premised on the deep understanding of the demands of marketplace, i.e. our target markets, in order to offer properties that are in line with their preferred lifestyle.

We constantly highlight the importance of providing our customers high-quality yet affordable residences, nestled in a comfortable and friendly ambience. Therefore, we aim to provide modern, contemporary, and innovative designs, supported by high accessibility and readily-available facilities and amenities such as clubhouses, recreational parks and other features to inculcate healthy and wholesome living for the community.

The Workplace

To sustain the Group's growth pace, Tambun Indah has always sought various means to establish a conducive environment in the workplace to facilitate employees' optimal performance.

To this end, we have continued to organise the annual company dinner, and annual company trip as well as regular staff get-togethers to encourage our employees to socialise with one another and also to foster better working relationships and teamwork with one another.

Furthermore, we have organized in-house training sessions as well as sent our employees for external courses in order to empower them within their scope of work and upgrade their skill sets towards a high-performance culture.

Within our workplace, we also emphasise the importance of occupational safety and health not only among our staff, but also among our construction workers at development sites. This is largely in line with our initiative in maintaining our stance to safeguard the health, safety, and welfare of our employees, by carrying out healthy living activities and safety awareness workshops as part of employee education.

Above all, such initiatives seal our commitment to uphold the health and prosperity of the wider environment beyond ourselves.

Directors' Profile

Lai Fook Hoy

Independent Non-Executive Chairman

Lai Fook Hoy, a Malaysian, aged 64, was appointed to the Board of Tambun Indah on 24 February 2012 and is presently the Senior Independent Non-Executive Director. He is also the Chairman of Remuneration Committee and a member of the Audit Committee.

Lai Fook Hoy has broad and in-depth knowledge of the technical, operational, financial, and commercial aspects of the resources industry. Prior to his retirement in 2010, he was the Group Chief Operating Officer of Malaysia Smelting Corporation Berhad. He had been a director and Chief Executive Officer of Asian Mineral Resources Limited, a nickel-focused mining company listed on Canada's TSX-V. He was a director of KM Resources Inc. which operated a poly-metallic mining project in the Philippines.

Lai Fook Hoy graduated with BSc (Hons) in Metallurgy and the University Medal from the University of New South Wales in 1974, and subsequently a BSc (Econs) (Hons) degree majoring in Accounting and Finance from the University of London in 1980.

He is a member of the Institute of Materials, Minerals and Mining UK, and a registered Chartered Engineer with the Engineering Council UK. He is also a member of the Institution of Engineers, Malaysia, and a Professional Engineer, registered with the Board of Engineers, Malaysia.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He does not have family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He had attended all 4 Board meetings held in the financial year.

Teh Kiak Seng

Managing Director

Teh Kiak Seng, a Malaysian, aged 64, is the founder of our Group. He was appointed to the Board of Tambun Indah on 19 March 2008 and is presently the Managing Director. He is also a member of Remuneration Committee.

Teh Kiak Seng has more than 30 years of experience in the housing industry. His initiation into construction was in Indonesia when he started working in a civil construction firm after completing high school in 1971. Three years later, in 1974, he pursued his education in Canada. He graduated with a Bachelor of Civil Engineering degree from the University of Saskatchewan, Canada on 17 May 1979.

He started his engineering career in Johor Bahru in 1979 and was involved in the design and supervision of the 750 acres township of Taman Ungku Tun Aminah in Skudai and Taman Sentosa in Johor Bahru. After coming back to Penang in 1980 to work as a design engineer, he started his own Civil and Structural Engineering Consultancy firm, GTP Jurutera Perunding Sdn Bhd, in 1985.

Within a short period of 10 years, GTP Jurutera Perunding Sdn Bhd was involved in the design and completion of over 100 factories in Penang, Kedah, Perlis, Perak and Johor.

He was also involved in the design and project management of Dell Asia Pacific Sdn, Xiamen Company Limited as well as Guangzhou Otis Elevator Co. Ltd. in Guangzhou, China.

Following the success of GTP Jurutera Perunding Sdn Bhd, he turned his entrepreneurship skills to focus on property development in 1992.

Teh Kiak Seng is currently a member of the Institute of Engineers, Malaysia and a Registered Professional Engineer with the Board of Engineers Malaysia. He presently sits on the board of several private limited companies.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any, nor any conflict of interest in any business arrangement involving the Company.

Teh Kiak Seng and Teh Theng Theng, our Executive Director are siblings.

He had attended all 4 Board meetings held in the financial year.

Directors' Profile (Cont'd)

Teh Theng Theng

Executive Director

Teh Theng Theng, a Malaysian, aged 51, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Executive Director.

She graduated from Edith Cowan University in Perth, Australia on 21 February 1991 with a Bachelor of Accounting degree. After graduation, she joined IJM Corporation Bhd in 1991 which is also involved in property development where she worked for 3 years.

Teh Theng Theng joined our Tambun Indah Group in 1995, and has been involved in the overall administration, financial control, corporate planning and business development of our Group. With her extensive experience and being involved in planning and marketing strategies, she leads the sales team for our Group's projects and is largely credited with our Group successful sales launches. She presently sits on the board of several private limited companies.

She has not been convicted for any offences within the past 10 years other than traffic offences, if any, nor any conflict of interest in any business arrangement involving the Company.

Teh Theng Theng is the sister of Teh Kiak Seng, who is the Managing Director and major shareholder of Tambun Indah.

She had attended 3 of the 4 Board meetings held in the financial year.

Tsai Chia Ling

Non-Independent Non-Executive Director

Tsai Chia Ling, a Taiwanese, aged 35, was appointed to the Board of Tambun Indah on 27 July 2012 as an alternate director to Mr Tsai Yung Chuan and is presently the Non-Independent Non-Executive Director. She is also a member of Nominating Committee.

She graduated from National Cheng Kung University, Taiwan in 2001 with Bachelor of Business Administration and and started her career as a management Trainee with Gem-Year Industrial Co. Ltd. before she joined Chin Well Fasteners Co. Sdn. Bhd. as a Marketing Executive in 2003. Currently, she is the Executive Director of Chin Well Holdings Berhad, a company listed on the Main Market of Bursa Securities.

She has not been convicted for any offences within the past 10 years other than traffic offences, if any, nor any conflict of interest in any business arrangement involving the Company.

Tsai Chia Ling is the daughter of Tsai Yung Chuan and Tsai Chang Hsiu-Hsiang, who are the major shareholders of Tambun Indah.

Since she was appointed to Board on 19 June 2013, she had attended only 1 Board meeting held in the financial year.

Directors' Profile (Cont'd)

Yeoh Chong Keat

Independent Non-Executive Director

Yeoh Chong Keat, a Malaysian, aged 56, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently an Independent Non-Executive Director. He is also the Chairman of Audit Committee and a member of the Nominating Committee.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

Yeoh Chong Keat trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, Birmingham, United Kingdom (now part of PwC network.) and was formerly the Head of the Corporate Services Division of PFA Corporate Services Sdn Bhd for over 10 years.

He has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work with reputable firms in the United Kingdom and Malaysia. He is the President/CEO of Archer Corporate Services Sdn. Bhd. after founding it in 1999.

Apart from Tambun Indah Land Berhad, he is also a Director of Lien Hoe Corporation Berhad, Ablegroup Bhd and Cheetah Holdings Berhad, all listed on the Main Market of Bursa Securities.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He does not have family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He had attended all 4 Board meetings held in the financial year.

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali

Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, a Malaysian, aged 66, was appointed to the Board of Tambun Indah on 15 April 2011 and is presently the Independent Non-Executive Director. He is also the Chairman of Nominating Committee, a member of the Audit Committee and a member of Remuneration Committee.

He is a member of the Malaysian Institute of Accountants, a fellow of the Association of Chartered Certified Accountants (UK), an associate of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Certified Public Accountants. He holds a Masters in Business Administration (MBA) from the University of Leicester, England.

He is currently an Executive Director of Prolexus Berhad, an Independent Non-Executive Director of Malaysia Packaging Industry Berhad and an Independent Non-Executive Director of Global Maritime Ventures Berhad. He was previously attached to an international accounting firm as a partner and has more than 30 years of experience in statutory audits, financial accounting and corporate finance.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

He does not have family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He had attended 3 of the 4 Board meetings held in the financial year.

Senior Managements' Profile

Thaw Yeng Cheong

Project Director

Thaw Yeng Cheong graduated with a Bachelor of Architecture degree from University of Bombay on 11 February 1984. He is a Certified Member of the Financial Planning Association of Malaysia and has been involved in the property development industry in a senior managerial role with an architectural consultant firm from 1985 to 2010. Throughout his career, he was involved in the design, concept inception, management, budgeting and building processes. His experience ranges across diversified projects comprising of residential, commercial, industrial and institutional development which includes housing, hotels, schools, hospitals, factories, community halls and resorts.

During his tenure with the consultant firm, he had dealt with several established listed and non-listed property development companies. Among his involvement with notable clients are IJM Corporation Bhd, DNP Land Sdn Bhd, Lion Properties Sdn Bhd and Oriental Interest Bhd, among others.

In 2010, he joined Tambun Indah Group as an Executive Director. He heads the project department of the Company and oversees the planning, design, approvals, costing and implementation of the projects. In 2013, he resigned as the Executive Director to focus primarily on his duties and responsibilities as Project Director of the Group.

Neoh Sze Tsin

Chief Financial Officer

Neoh Sze Tsin graduated with a professional accountancy qualification from the Association of Chartered Certified Accountants in 2008. He is a member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants.

He started his career as an audit assistant in a medium size audit firm in 2002 and held the position of manager before he left in 2007. During his tenure with the audit firm, he was involved in various audit engagements and corporate assignments relating to the initial public offerings (IPO) of public companies on the Malaysian stock exchange. His experiences also include providing assurance and consulting services to public listed and local corporations covering various industry sectors ranging from property development, construction, manufacturing and trading.

In 2007, he joined Tejari Technologies Berhad (now known as 1 Utopia Berhad), a publicly listed company on the ACE Market of Bursa Malaysia Securities Berhad as Internal Audit and Risk Management Manager. Subsequently, he left Tejari Technologies Berhad in 2008 and joined Tambun Indah Group as Finance and Admin Manager. In 2011, he was promoted to Group Financial Controller where he was in charge of the Group's accounting, corporate finance, tax and treasury functions. In 2013, he assumed the position of Chief Financial Officer of the Group.

Teh Deng Wei

General Manager

Teh Deng Wei has a BEng (hons) in Electrical and Electronic Engineering from Imperial College London and a MSc in Management from London Business School.

Prior to joining the Group, he spent three and a half years in investment banking based in London and Singapore. He started his career in London as an analyst in the European mergers and acquisitions team of an international investment bank and subsequently relocated to Singapore to join the Southeast Asia investment banking team of the same bank. He last held the position of associate before joining Tambun Indah Group as General Manager in 2014.

He is the son of Teh Kiak Seng, the Managing Director and major shareholder of the Company and the nephew of Teh Theng Theng, the Executive Director of the Company.

Corporate Governance Disclosure

The Board of Tambun Indah acknowledges the importance of maintaining good corporate governance in the Group, and the recommendations of the Malaysian Code of Corporate Governance 2012 ("MCCG"). In addition to the MCCG, the Group's corporate governance model also takes cognisance of the following requirements and guidelines:

i) Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")
ii) Corporate Governance Guide: Towards Boardroom Excellence of Bursa Securities
iii) Code of Ethics for Company Directors issued by the Companies Commission of Malaysia

This report sets out the Company's corporate governance practices with reference to the MCCG.

Principle 1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board
The Group is led and managed by an effective and efficient Board. The Board comprises of individuals who are experienced in their respective fields and whose knowledge, background, ability and judgement collectively provide the Board with the ability to guide the Group.

There is a strong and independent element on the Board too. This is a fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement as well as ensuring key issues and strategies are reviewed, constructively challenged, and fully discussed for the long term interests of the shareholders and stakeholders of the Group.

There are presently 6 Board members comprising 2 executive directors, 1 non-independent non-executive director and 3 independent non-executive directors. The Board annually reviews the composition of the Board and its Committees to ensure the appropriate mix of experiences, skills and knowledge to effectively discharge its respective responsibilities in spearheading the Group's growth and future direction.

The profile of each director is presented under Directors' Profile in pages 17 to 19.

Even though the Board has representatives of the substantial shareholders, the presence of the independent directors ensures that there is no influence or domination in the decision making process for the successful direction of the Group.

The Board believes its current size and composition is appropriate for its purpose.

Board Charter
The Board has formalised and adopted a Board Charter which provides guidance to the Board in fulfillment of its roles, functions, duties and responsibilities. The Board will review the Board Charter as and when required to ensure their relevance and compliance with the regulations. The Board Charter is now available on the Company's website at www.tambunindah.com.

The Board Charter, covers amongst others, the following matters :

- Role of the Board, Individual Directors, Chairman & Managing Director
- Role of Board Committees
- Role of Company Secretary
- Composition & Board Balance
- Directors Assessment & Trainings
- Board & General Meetings
- Remuneration Policies
- Financial Reporting
- Stakeholders Communications
- Conflict of Interest and Related Party Transactions
- Whistle-blowing policy

Corporate Governance Disclosure (Cont'd)

Roles & Responsibilities of the Board
The Board provides leadership and vision to the Group that will enhance shareholders' value and the Group's long term business sustainability and growth.

The Board is in the process of formalizing a Code of Business Conduct which sets out the business practices, standards and ethical conducts expected from all employees in the course of their employment with the Group. In addition, the Directors, officers and employees are required to observe and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the Group's policies as well as the relevant applicable laws and regulations.

The Board's decision making powers amongst others, includes reviewing and approving the following :

- material acquisitions and disposals of fixed assets of the Group
- new investment, divestment, corporate restructuring and/or establishment of joint ventures
- related party transactions and conflict of interest issues
- annual financial statements and quarterly financial results
- new appointments to the Board

The Board is also committed towards sustainable development. The Group's sustainability strategies cover the community, workplace, marketplace and environment. The Corporate Social Responsibilities Statement is set out in page 16.

Supply of Information
The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. At least 7 days prior to Board meetings, all directors are provided with the agendas and Board papers to enable the directors to participate actively in the meetings.

The Board and its Committees have full and unrestricted access to all information of the Group necessary in discharging of their duties. Senior Management may be invited to Board meetings in order that Directors may seek clarification and explanation on issues that may be raised by the Board.

The directors may obtain further information which they may require in discharging their duties such as seeking independent professional advice. Such advice if obtained will be at the Group's expense. Nevertheless, where necessary and under appropriate circumstances, any director may do so with the prior consent of the Board's Chairman.

Company Secretary
The Company Secretary provides a central source of guidance to the Board and is also responsible in ensuring compliance with all statutory & regulatory requirements. The Company Secretary ensures that accurate and proper records of the proceedings and resolutions passed at meetings of the Board and its Committees are recorded and maintained.

All directors have unrestricted access to the advice and services of the Company Secretary in carrying out their duties to ensure all rules, requirements and regulations are complied with. Every member of the Board is also provided with Tambun Indah Corporate Calendar which has details of compliance issues, meeting schedules and events.

Principle 2 STRENGTHEN COMPOSITION

Board Committees
The Board delegates certain responsibilities to Board Committees, each with predefined terms of reference and responsibilities; and the Board receives reports of their proceedings and deliberations. Where the Board Committees have no authority to make decisions on matters reserved for the Board, recommendations would be tabled to the Board of Directors for its approval. The Chairman of the respective Board Committees shall report the outcome of the Committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board meetings.

Further details of the Board Committees are set out below.

Corporate Governance Disclosure (Cont'd)

1) Audit Committee

The Board had set up an Audit Committee comprising exclusively of independent directors. The Audit Committee is chaired by Mr. Yeoh Chong Keat, a practising accountant with more than 30 years of audit, tax and corporate experiences.

The Audit Committee Report is set out in pages 32 to 35.

2) Nominating Committee

The Board had set up a Nominating Committee comprising exclusively of non-executive directors, a majority of whom are independent.

The Nominating Committee consists of :

Name	Designation	Directorate
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Chairman	Independent & Non-Executive
Tsai Chia Ling (Appointed on 19 June 2013)	Member	Non- Independent & Non-Executive
Yeoh Chong Keat	Member	Independent & Non-Executive
Tsai Yung Chuan (Retired on 19 June 2013)	Member	Non- Independent & Non-Executive

The terms and reference of the Nominating Committee are as follows :

Appointment/Composition

1) The Nominating Committee shall be appointed by the Board from amongst the Directors.

2) The Nominating Committee shall consist of not less than 3 members, composed exclusively of non-executive directors, a majority of whom shall be independent directors.

3) The Chairman of the Nominating Committee shall be appointed by the members of the Nominating Committee from independent directors.

Meetings

1) The Nominating Committee shall meet at least once a year.

2) The quorum of the meeting shall be 2 members, the majority of members present shall be independent directors.

3) In the absence of the Chairman of the Nominating Committee, the remaining members present shall elect one of their numbers to chair the meeting.

4) The Company Secretary shall be the secretary of the Nominating Committee.

5) Other Board members, chief executive officer, head of human resource and/or external advisers/experts may attend meetings upon the invitation of the Nominating Committee.

Functions/Duties

1) To annually assess the composition, diversity and effectiveness of the Board as a whole and the sub-committees of the Board.

2) To annually assess the required mix of skills, experience, competencies, independency and other qualities, contributions and time commitment of each individual director, including non-executive directors, as well as the chief executive officer.

Corporate Governance Disclosure (Cont'd)

3) To review and recommend to the Board, the candidates for all directorships to be filled by the shareholders or the Board, as and when they arise. In making its recommendations, the Nominating Committee should consider the candidates' :

   i) skills, knowledge, expertise and experience;
   ii) professionalism;
   iii) integrity; and
   iv) in the case of candidates for the position of independent non-executive directors, to evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

4) To review and recommend to the Board for the appointment and continuation in office of any director who has reached the age of 70 or any independent director who has reached the tenure of nine (9) years.

5) To review and recommend to the Board for the re-election of directors who retire by rotation pursuant to the provision of the Company's Articles of Association, having due regard to their performance, skills and experience required.

6) To give full consideration to succession planning for directors, and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed in the future.

The Nominating Committee met once during the financial year ended 31 December 2013. The details of attendance are as follows :

Name	No. of Meetings Attended
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1/1
Yeoh Chong Keat	1/1
Tsai Yung Chuan (Retired on 19 June 2013)	1/1

The Board through the Nominating Committee's annual assessment process believes that the current size and composition of Board is adequate for its purpose with relevant mix of skills, expertise and experience.

Appointments to the Board
The Nominating Committee carries out an annual review on the composition of Board, contribution of each individual director and overall effectiveness of the Board to ensure as far as possible, the Board is equipped with members of different mix of skill sets, competencies and gender diversity.

The Nominating Committee is also responsible to assess suitable candidates and recommends to the Board for appointment as a director in the Board. The assessment of new candidates is based on his/her relevant skills, expertise, experience, professionalism, integrity, sound judgement and independence. New directors are expected to have such credentials so as to qualify them to make positive contributions to the Board.

The Company Secretary is then responsible to ensure relevant procedures relating to the appointment of the new directors are properly executed.

Upon appointment, the new directors will be given a copy of the Board Charter and an induction programme to familiarize the new directors with the Company's business activities, corporate governance practices and other policies of the Group. This programme also allows the new directors to get acquainted with the management to foster better rapport thereby facilitating communication with the management.

Corporate Governance Disclosure (Cont'd)

3) Remuneration Committee

The Board had set up a Remuneration Committee comprising mainly independent non-executive directors.

The Remuneration Committee consists of :

Name	Designation	Directorate
Lai Fook Hoy	Chairman	Independent & Non-Executive
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member	Independent & Non-Executive
Teh Kiak Seng	Member	Executive

The terms and reference of the Remuneration Committee are as follows :

Appointment/Composition

1) The Remuneration Committee shall be appointed by the Board from amongst the Directors.

2) The Remuneration Committee shall consist of not less than 3 members, and comprises wholly or mainly of non-executive directors, a majority of whom shall be independent directors.

3) The Chairman of the Remuneration Committee shall be appointed by the members of the Remuneration Committee amongst themselves, who shall be an independent director.

Meetings

1) The Remuneration Committee shall meet at least once a year.

2) The quorum of the meeting shall be 2 members, the majority of members present shall be independent Directors.

3) In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of their numbers to chair the meeting.

4) The Company Secretary shall be the secretary of Remuneration Committee.

5) Other Board members, division heads, representative of the internal audit and/or external auditors may attend meetings upon the invitation of the Remuneration Committee.

Functions/Duties

1) To establish and recommend to the board, the remuneration package of the Executive Directors.

2) To consider other remunerations or rewards as referred to the Remuneration Committee by the Board.

The Remuneration Committee met once in the financial year ended 31 December 2013. The details of attendance are as follows :

Name	No. of Meetings Attended
Lai Fook Hoy	1/1
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1/1
Teh Kiak Seng	1/1

The details of aggregate remuneration of the Directors for the financial year ended 31 December 2013 are presented under Note 34 of the Financial Statements.

Corporate Governance Disclosure (Cont'd)

Principle 3 REINFORCE INDEPENDENCE

Assessment of Independent Directors
The Nominating Committee assesses the independent directors annually. The Nominating Committee is chaired by Taufiq Ahmad @ Ahmad Mustapha Ghazali, a senior accountant with more than 30 years of experience in professional practice.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that the independent directors have been able to discharge their responsibilities in an independent manner.

Principle 4 FOSTER COMMITMENT

Board Commitment
The Nominating Committee will assess whether the directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately. All the directors of the Company do not hold more than 5 directorships in public listed companies as prescribed by the Main Market Listing Requirements.

The Nominating Committee recognizes that its assessment of each director's ability to discharge his or her duties adequately cannot be confined to the criterion of the number of his or her board representations as time requirements are very subjective. Thus, the Nominating Committee takes into account the contributions by the directors to and during the Board or Board Committees meetings and their attendance at such meetings, in addition to the principal duties from each of them.

The Board has committed to meet at least once every quarter. In addition, Board meetings will be convened as and when need arises. The Board will also resolve and approve certain Company's matters via circular resolutions. The circular resolutions are drawn up with detailed information and must be signed by a majority of directors.

The Board met 4 times in the financial year ended 31 December 2013. The details of attendance are as follows :

Name	No. of Meetings Attended
Lai Fook Hoy	4/4
Teh Kiak Seng	4/4
Teh Theng Theng	3/4
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	3/4
Yeoh Chong Keat	4/4
Tsai Chia Ling *(Appointed on 19 June 2013)*	1/2
Tsai Yung Chuan *(Retired on 19 June 2013)*	1/2
Thaw Yeng Cheong *(Resigned on 19 November 2013)*	3/4

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that all directors had committed sufficient time in discharging their responsibilities.

Corporate Governance Disclosure (Cont'd)

Directors' Trainings
Any director appointed to the Board is required to complete the Mandatory Accreditation Progamme (MAP) within 4 months from the date of appointment. In addition to the MAP, Board members are also encouraged to attend training programmes conducted by competent professionals that are relevant to the Group's operations and businesses.

For the financial year ended 31 December 2013, the directors had attended the following trainings :

Name	Training Programme Attended
Lai Fook Hoy	➢ Penang Towards a Sustainable and Compact City ➢ Contractual & Statutory Adjudication ➢ World Class Innovative Occupational Safety & Healthy (OSH) Engineering ➢ Structural Upgrade & Strengthening Using FRP Systems
Teh Theng Theng	➢ Budget 2014 Tax Seminar
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	➢ Debt Deflation & Efficient Capital Market ➢ MIA Conference 2013 ➢ Currency War
Yeoh Chong Keat	➢ Seminar Percukaian Kebangsaan 2013 ➢ National Tax Conference 2013 ➢ Malaysian Legal and Corporate Conference 2013

Teh Kiak Seng and Tsai Chia Ling did not participate in any structured training during the financial year as their business meetings and interaction with various business associates will serve them sufficiently in the discharge of their duties on the Board.

Principle 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting
Before the annual financial statements and quarterly financial results are released, the Board has taken the necessary steps to ensure all applicable accounting policies are applied consistently and that policies are supported by reasonable and prudent judgement and estimates. All accounting standards, which the Board considers to be applicable, have been followed. The Board is assisted by the Audit Committee to oversee the Group's financial reports and the quality of its financial reporting.

The Board ensures that the annual financial statements provide a true and fair view of the state of affairs of the Group as at the end of the financial year. In preparing the financial statements, the Board has ensured that applicable accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

External Auditors
The Audit Committee and the Board place great emphasis on the objectivity and independence of the Group's external auditors in providing relevant and transparent reports to the shareholders.

The existing auditors, Messrs. BDO had confirmed to the Audit Committee in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee, upon its recent annual assessment carried out, is satisfied with their work and independence and had recommended to the Board for their re-appointment at the forthcoming annual general meeting.

Corporate Governance Disclosure (Cont'd)

Principle 6 RECOGNISE AND MANAGE RISKS

Risk Management
The Board had set up a Risk Management Committee which comprises of executive directors and senior management.

The Risk Management Committee consists of :

Name	Designation	Directorate/Position
Teh Kiak Seng	Chairman	Executive Director
Teh Theng Theng	Member	Executive Director
Neoh Sze Tsin	Member	Chief Financial Officer
Thaw Yeng Cheong	Member	Project Director

The Board through the Risk Management Committee reviews the adequacy of the Group's risk management framework to ensure risk management and internal controls are in place. The Group had adopted a risk management framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the risk management framework. The Risk Management Committee will update the Board periodically on the Group's risk profile including actions undertaken by the management to manage or mitigate the risks identified.

Based on the internal controls and risk management framework established and maintained by the Group, work performed by internal auditors and external auditors and reviews by Risk Management Committee and Audit Committee, the Board is of the opinion that the Group's internal controls as at 31 December 2013 had adequately addressed the financial, operational and compliance risks, which are relevant and material to the Group's operations.

Internal Audit Function
The Board acknowledges its responsibilities to maintain an appropriate system of internal control to safeguard shareholders' investment and the assets of the Group. The Board had appointed an independent professional firm, to carry out the internal audit functions to ensure that the Group's internal control systems are properly in place. The Internal Auditors report directly to the Audit Committee.

The Risk Management and Internal Control Statement is set out in pages 30 to 31 of this Annual Report.

Principle 7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Investors Relations
The Group recognizes the value of corporate transparency and coherent communications and aims to provide fair, relevant, comprehensive and timely information regarding the Group's performance to shareholders and the investment community to enable them to make informed decisions. The Group's Investor Relations team is tasked with and focuses to build long term relationships with the shareholders and investment community.

The Investor Relations team communicates regularly with shareholders and investment community, with timely disclosures of material or other pertinent information through announcements to Bursa Securities. The team also conducts roadshows, analyst presentations, press conferences and corporate briefings to keep investors apprised of the Group's development and financial performance.

The shareholders and investment community can also access the Group's official website at (www.tambunindah.com) for up-to-date information on the Group such as the financial performance, corporate information, media activities, and current and upcoming product launches.

Corporate Governance Disclosure (Cont'd)

Principle 8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Greater Shareholders' Participation

The Board supports and encourages active shareholders participation at its Annual General Meeting (AGM) and any other general meeting. In accordance with the Company's Articles of Association, any shareholder may appoint up to a maximum of 2 proxies to attend and vote on his/her behalf in any general meeting.

Before the commencement of any general meeting, the Chairman of the meeting will inform shareholders of their rights to demand a poll vote. Board members and management are present at each general meeting to respond to questions from shareholders. The Company's external auditors are also present to address queries about the conduct of audit and the preparation and contents of the auditors' report.

A copy of the Company's Annual Report and Notice of AGM is sent to all shareholders 21 days before any AGM. Shareholders are welcome to raise questions and seek clarification on pertinent issues at the AGM.

This statement is made in accordance with the Board Resolution dated 28 April 2014.

Statement on Risk Management and Internal Control

Pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities, the Board of Directors of Tambun Indah is pleased to provide the following statement on the state of risk management and internal control ('Statement') of the Group. This has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies ('Internal Control Guidance') issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

Responsibility for Risk Management and Internal Control

The Board recognises the importance of risk management and internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's system of internal control. In view of the limitations that are inherent in any system of internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The regular review and evaluation of the internal control system, is an ongoing process for identifying, evaluating and managing principal risks faced by the Group in the pursuit of its business objectives. This process had been in place throughout the financial year under review.

The Board had received assurance from the Managing Director that the Group's risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Risk Management

The Group had implemented a Risk Management framework which outlines the terms of reference of the Risk Committee to objectively manage the identified risks in year 2012. A professional service provider was appointed to conduct and review the Risk Management programs. Risk Management programs were conducted at the management level to help sustain a risk-aware culture on key business processes and reflected in the Group's internal control systems. During the year, the Risk Management Committee has conducted an update of the risk register. The updates relating to the Group's risk profile were reported to the Board in February 2014. This initiative by the Risk Management Committee serves as the on-going process used to strengthen the internal control and to manage the significant risks identified.

The key elements of the Group's risk management framework are:

- A Risk Management Committee comprising Managing Director, Executive Director and senior management to identify, and evaluate all present and potential risks faced by operating units of the Group, and to formulate actions plans to manage or mitigate these risks.

- To determine the risk appetite for business units of the Group, and ensure that risks are properly managed, and appropriate measures taken to mitigate those risks to the desired level.

- Continuous monitoring of existing as well as new business activities taking into cognizance changes in the business environment to update key risks and reviewing the appropriateness of the mitigation action plans.

- The Risk Management Committee to update the Board on the Group's risk profile annually, and to report of any significant risk issue at the quarterly Audit Committee meeting.

Statement on Risk Management and Internal Control
(Cont'd)

Internal Audit Functions

The Board in its efforts to provide adequate and effective internal control had appointed an independent consulting firm to review the adequacy and integrity of its system of internal control. The independent consulting firm acts as the internal auditor and reports directly to the Audit Committee.

The internal audit process adopts accepted auditing practices in developing its audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control, and recommends possible improvements to the internal control process.

On a quarterly basis, the internal auditors report to the Audit Committee on areas for possible improvement, and Management's response to such recommendations. Follow-up audits are also carried out and the outcome reported to the Audit Committee to ensure weaknesses identified have been or are being addressed.

During the financial year, the internal audit reviewed the adequacy and the integrity of the Group's internal control system and management information system of the key functions including verification for compliance with applicable laws, regulations, rules, directives and guidelines.

Internal Controls

The Group also has put in place the following key elements of internal controls:

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, appropriate segregation of duties and levels of delegated authority;
- A set of documented internal policies and procedures, which is subject to regular review and improvement by management;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Report by the Management to the Board on significant operational matters and other issues that may affect the Group's performance;
- Regular visits to operating units by Managing Director, Executive Director and senior management;
- The internal audit function carried out quarterly risk based internal audits to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures; and
- At Audit Committee and Board meetings, the quarterly results, annual financial statements, related party transactions and updates on the business development are reviewed; and key risks highlighted by the management are deliberated upon.

The Board is of the view that there was no significant breakdown or weaknesses in the system on internal controls of the Group that had resulted in material losses to the Group for the financial year ended 31 December 2013.

The Board's Commitment

The Board remains committed towards maintaining a sound system of internal control and risk management to achieve a balance between the Group's business objectives and operational efficiency. The Board is of the view that there were no material losses incurred during the financial year ended 31 December 2013 as a result of weaknesses in internal control that would require separate disclosure in the Group's Annual Report.

Review of Statement by the External Auditors

This Statement had been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements of Bursa Securities. Nothing had come to their attention that caused them to believe the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of :

Name	Designation	Directorate
Yeoh Chong Keat	Chairman	Independent Non-Executive
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member	Independent Non-Executive
Lai Fook Hoy	Member	Independent Non-Executive

Meetings and attendance

A total of 4 Audit Committee meetings were held during the financial year ended 31 December 2013 and the details of attendance are as follows:-

Name	No. of Meeting Attended
Yeoh Chong Keat	4/4
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	3/4
Lai Fook Hoy	4/4

TERMS OF REFERENCE

Appointment/Composition

1) The Audit Committee shall be appointed by the Board from amongst the Directors.

2) The Audit Committee shall consist of not less than 3 members of whom:

   a) all members of the Audit Committee must be non-executive directors with a majority of them being independent directors.

   b) at least 1 member of the Audit Committee :
      i) must be a member of the Malaysian Institute of Accountants; or
      ii) must have at least 3 years' working experience and :-
         - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
         - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
      iii) fulfils such other requirements as prescribed or approved by Bursa Securities.

3) All members of the Audit Committee should be financially literate.

4) No alternate director shall be appointed as a member of the Audit Committee.

5) The Chairman of the Audit Committee shall be appointed by the members of the Audit Committee amongst themselves, who shall be an independent non-executive director.

6) The Board must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the committee and its members have carried out their duties in accordance with their terms of reference.

7) The Board shall, within 3 months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below 3, appoint such number of new members as may be required to make up the minimum number of 3 members.

Audit Committee Report (Cont'd)

Meetings

1) The Audit Committee shall meet not less than 4 times a year or as frequently as the Chairman shall decide or at the request of external auditors.

2) The quorum of a meeting shall be 2 members, the majority of members present shall be independent directors.

3) In the absence of the Chairman of the Audit Committee, the remaining members present shall elect one of their number to chair the meeting.

4) The Company Secretary shall be the secretary of the Audit Committee and shall be responsible to keep minutes and to produce the minutes for inspection of any member of the Board and External Auditors of the Company upon request.

5) The head of finance, the head of internal audit and a representative of external audit shall normally attend meetings.

6) Other Board members or employees may attend meetings upon the invitation of the Audit Committee.

7) The Audit Committee must meet with the external auditors without executive Board members present at least twice a year.

8) The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chief executive officer and the head of finance, and the internal auditors, and external auditors in order to be kept informed of matters affecting the Company.

9) Questions arising at any meeting shall be decided by a majority of votes by show of hands. In case of equality of votes, the Chairman shall have a second or casting vote. Save that, where two (2) members form a quorum, the Chairman at which a quorum is present or that which only two (2) members are competent to vote on question of issue, the Chairman shall not have a second or casting vote.

Authority

1) To have authority to investigate any matter within its terms of reference and shall have the resources required to perform its duties.

2) To have full and unrestricted access to any information pertaining to the Company.

3) To have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity.

4) To have the internal auditors report directly to the Audit Committee.

5) To be able to obtain external independent professional advice.

6) To be able to convene meetings with external auditors excluding the presence of other directors and employees of the Company, whenever deemed necessary.

7) To be able to engage and retain competent, knowledgeable and experienced person(s) as necessary to assist the Audit Committee in fulfilling its responsibilities.

Audit Committee Report (Cont'd)

Functions/Duties

1) To consider the appointment and/or re-appointment of external auditors, their audit fee and any question of their resignation or reason (supported by grounds) to believe that the External Auditors is not suitable for re-appointment and to recommend to the Board of Directors.

2) To review and discuss with external auditors, the nature and scope of the audit, their evaluation of the system of internal accounting controls, major findings, management letter, management responses and audit reports.

3) To discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss in the absence of the management, where necessary.

4) To review the assistance and co-operation given by the management to the external and internal auditors.

5) To review the quarterly and year-end financial statements before presentation for approval by the Board of Directors, focusing particularly on:-

   i) changes in or implementation of major accounting policies and practices;
   ii) significant and unusual events; and
   iii) compliance with accounting standards and other legal requirements.

6) To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

7) To verify the allocation of share options granted to employees pursuant to the Share Option Scheme is in accordance with the By-Laws.

8) To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.

9) To review the internal audit programme and the results of the internal audit process or investigation undertaken, and where necessary ensure appropriate actions are taken on the recommendations of the internal auditors.

10) To approve any appointment and termination of the internal auditors.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee during the financial year ended 31 December 2013 were summarised as follows:-

a) Reviewed the unaudited quarterly financial results before presentation to the Board for approval and for release to the authorities and public.

b) Reviewed and approved the internal and external audit plan for the implementation of the plan.

c) Reviewed the draft audited financial statements before presentation to the Board for approval and for release to the authorities and public.

d) Reviewed the related party transactions that arise within the Group.

e) Reviewed and assessed the risk management activities of the Company and of the Group.

f) Reviewed and verified the allocation of options to eligible employees of the Group pursuant to Share Option Scheme.

g) Reviewed the internal audit reports and the management action plan on the recommendations noted in the reports.

h) Reviewed the external audit findings with the External Auditors.

i) Appraised the performance of the Internal and External Auditors.

Audit Committee Report (Cont'd)

INTERNAL AUDIT FUNCTION

The Company had engaged a professional internal audit service provider, M/s Sterling Business Alignment Consulting Sdn. Bhd., to carry out the internal audit function of the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The cost incurred for the internal audit function in respect of the financial year ended 31 December 2013 was RM119,516.

The Internal Auditors' role also assists the Board in meeting the Company's business objectives by establishing and maintaining a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management framework and internal control system.

The activities of the Internal Auditors during the financial year ended 31 December 2013 were summarised as follows:-

1) Reviewed the Group's systems of internal controls and ascertained the extent of compliance with the established policies, procedures and statutory requirements.

2) Identified areas for improvement on the risk management, controls in operation and governance processes of the Group.

STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Audit Committee had reviewed and verified the allocation of share options according with the criterias set out in the ESOS By-Laws.

The details of the ESOS are set out as follows:-

	During the financial year ended 31 December 2013
Total allocation lapsed	106,000
Total number of options shares granted	2,302,000
Total number of options vested	1,262,000
Total number of options exercised	462,000
Total options outstanding	1,840,000

Granted to Directors	During the financial year ended 31 December 2013
Total number of options shares granted	-
Aggregate total number of options vested	4,700,000
Aggregate total number of options exercised	2,900,000
Aggregate total number of options lapsed	300,000
Aggregate total options outstanding	1,500,000

Granted to Directors & Senior Management	During the financial year ended 31 December 2013	Since commencement of the ESOS on 05 June 2012
Aggregate Maximum Allocation	-	50%
Actual Allocation	22.19%	37.96%

Additional Compliance Information

1. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered by the Company or its subsidiaries involving Directors' and major shareholders' interests since the previous financial year ended 31 December 2012 and during the financial year ended 31 December 2013:

On 21 June 2013, the Company entered into a share purchase agreement with Pembangunan Bandar Mutiara Sdn Bhd, a wholly-owned subsidiary of Nadayu Properties Berhad to acquire the remaining 2,302,400 ordinary shares of RM1.00 each in Palmington Sdn. Bhd. not held by the Company, representing 40.0% of the total issued and paid up share capital of Palmington Sdn. Bhd. and the remaining 300,000 ordinary shares of RM1.00 each and 8,040,000 redeemable preference shares series C of RM1.00 each in Tambun Indah Development Sdn. Bhd. not held by the Company, representing 30.0% of the total issued and paid up share capital of Tambun Indah Development Sdn. Bhd. for total consideration of RM88,194,216.

2. UTILISATION OF PROCEEDS

As at 31 December 2013, the total proceeds raised under the Rights Issue with Warrants of RM44.20 million and Private Placement of RM19.80 million had been fully utilised.

3. SHARE BUY-BACKS

The Company does not have a share buy-backs programme in place.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the Company had granted 2,302,000 share option pursuant to the Employee Share Option Scheme ("ESOS"). Details are disclosed in Directors' Report and the Note 39 of the financial statements.

5. DEPOSITORY RECEIPT PROGRAMME

The Company does not have any depository receipt programme in place.

6. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by the relevant regulatory bodies as at the end of financial year.

7. NON-AUDIT FEES

A total sum of non- audit fees of RM13,500 was paid by the Company to the External Auditors.

8. VARIATION OF RESULTS

There were no profit estimates, forecasts or projections or unaudited financial results previously announced which differ by 10% or more from the audited results.

9. PROFIT GUARANTEE

There were no profit guarantees received by the Company.

10. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There were no recurrent related party transactions of a revenue or trading nature conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2013.

STATEMENTS OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual financial statements which give a true and fair view of the state of affairs of the Company and of the Group and have ensured that the financial statements are prepared in accordance with the applicable approved financial reporting standards and the provisions of the Companies Act, 1965.

In the preparation of the financial statements for the financial year ended 31 December 2013, the Directors are satisfied that the Group had used the appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgement.

List of Properties held by the Group

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES							
1.	Lot 11743, Mukim 15, Seberang Perai Selatan, Pulau Pinang (Pearl Villas, Jalan Tasek Mutiara 1, Simpang Ampat)	Freehold	Land under development	N/A	29.85	5,673,617	30.06.2010
2.	Lot 375 (GRN No. 30881), Seksyen 4, Bandar Butterworth, Seberang Perai Utara, Pulau Pinang (Dahlia Park, Jalan Kampung Benggali, Butterworth)	Freehold	Land under development	N/A	2.23	2,435,902	30.06.2010
3.	Lot 195 (GRN No. 41160), Seksyen 3, Bandar Butterworth, Seberang Perai Utara, Pulau Pinang (Tanjung Heights, Jalan Bunga Tanjung, Raja Uda)	Freehold	Land under development	N/A	3.41	3,184,116	30.06.2010
4.	Lot 73, 75 & 76 Mukim 10 (GM Nos. 73, 74 & 47), Seberang Perai Tengah, Pulau Pinang (BM Residence, Jalan Manggis Indah, Bukit Mertajam)	Freehold	Land under development	N/A	5.15	6,436,337	30.06.2010
5.	Lot 8750 (GRN 73117), Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Pearl Residence, Jalan Tasek Mutiara 1, Simpang Ampat)	Freehold	Land under development	N/A	39.66	30,251,525	30.06.2010
6.	Lot 1032 (New Lot 3620), Seksyen 4, Bandar Butterworth, Seberang Perai Utara, Pulau Pinang. (Capri Park, Jalan Heng Choon Tian, Butterworth)	Freehold	Land under development	N/A	2.70	3,326,884	15.05.2010
7.	Lots 10047 to 10226, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Indah 1, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	7.42	2,247,700	05.05.2011
8.	Lots 10710 to 10759, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Indah 2, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	1.83	1,335,994	05.05.2011
9.	Lots 10802 to 10869, 10928 to 10987 & 11032 to 11095, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Indah 3, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	12.57	7,578,515	05.05.2011

List of Properties held by the Group (Cont'd)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
10.	Lots 9859 to 9904, 9965 to 9989 & 9991 to 10015, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Square 1, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	2.96	2,761,839	05.05.2011
11.	Lots 5765 to 5820 and 6030, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Square 2, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	3.35	1,561,292	05.05.2011
12.	Lots 527, 528 & 968, Mukim 14, Seberang Perai Utara, Pulau Pinang (Carissa Villas, Jalan Bagan Lalang, Butterworth)	Freehold	Land under development	N/A	4.42	8,656,879	N/A
13.	Lot 699 (Geran Mukim No. GM100), Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang (New Juru Industrial Park)	Freehold	Land under development	N/A	8.68	3,999,820	08.02.2011
14.	Lots 121, 123, 2295, 10081 and 10082 (GM Nos. 113 and 115, 698, H.S.(M) 1364 and 1365), Mukim 10, Seberang Perai Tengah, Pulau Pinang. (Taman Bukit Residence, Jalan Bukit Kecil 1, Off Jalan Sung Ban Kheng, Bukit Mertajam)	Freehold	Land under development	N/A	7.51	12,371,594	13.08.2013
15.	Lots 1226 & 1467, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Land under development	N/A	3.85	3,997,347	N/A
16.	Part of Lot 8753, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Avenue, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	17.56	13,069,572	30.10.2012
17.	Part of Lot 8745, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Impian, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	15.59	9,901,952	05.05.2011
18.	Lot 8769 and Lot 8773, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Harmoni, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	21.67	707,482	01.10.2013

List of Properties held by the Group (Cont'd)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
19.	Lots 114 & 1067 (GRN 44612 & GM 356), Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Jalan Tasek Mutiara 1, Simpang Ampat)	Freehold	Land held for development	N/A	44.33	23,033,192	30.06.2010
20.	Lot 9758, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land held for development	N/A	2.69	1,587,049	05.05.2011
21.	Lot 8746, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Low Cost Flat, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land held for development	N/A	9.15	5,411,060	05.05.2011
22.	Lots 13, 16, 20, 21, 22, 116, 1345, 1383, 1393, 1427, 6029, 8936, 10016, 10017 & 10023, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Others, Bandar Tasek Mutiara, Simpang Ampat)	Freehold (except lot 1383 - 0.84 acres held under leasehold title for a term of 99 years expiring on 26 January 2036)	Land held for development	N/A	51.13	38,749,530	05.05.2011
23.	Lots 8764, 8765, 8768, 8775, 8776, 8777, 10019, 10020, 10763 & 11159, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Amenities Land, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land held for development	N/A	19.45	75,518	05.05.2011
24.	Lot 148 Seksyen 5, (GRN15119), Bandar Bukit Mertajam, Seberang Perai Tengah, Penang.	Freehold	Land held for development	N/A	0.47	764,507	13.08.2013
25.	Lot 14, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	4.36	3,180,611	N/A
26.	Lot 1471, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	16.04	5,734,463	23.09.2013

List of Properties held by the Group (Cont'd)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES							
1.	No. 4939 Jalan Siram 12100 Butterworth Pulau Pinang	Freehold	3 ½ -storey terrace light industrial building	19	154/ 471.93	735,000	30.06.2010
2.	No.6 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang	Freehold	3-storey terrace shop office	15	153/ 459.12	735,000	30.06.2010
3.	No. 10-02 Pangsapuri Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	3-bedroom penthouse	17	NA/139	280,000	30.06.2010
4.	No. 10-12 Pangsapuri Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	3-bedroom penthouse	17	NA/139	280,000	30.06.2010
5.	18-10-03 Scotland Villa Medan Lumba Kuda 10450 Pulau Pinang	Freehold	4-bedroom condominium	9	NA/199	1,000,000	30.06.2010
6.	No. 1-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	17	NA/147	275,000	30.06.2010
7.	No. 1-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	17	NA/125	235,000	30.06.2010
8.	No. 7-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	17	NA/145	290,000	30.06.2010
9.	No. 7-05 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	17	NA/120	240,000	30.06.2010

List of Properties held by the Group (Cont'd)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
10.	No. 7-06 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	6 levels of multi-storey 128 bays of covered car parks, and 1 new office lot	17	NA/6,171	3,900,556	30.06.2010
11.	No. 2-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	17	NA/137	210,000	19.06.2013
12.	Part of Lot 8753, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Vacant land held for investment purpose	N/A	362,537/ NA	54,915,291	30.10.2012
PROPERTIES HELD FOR OPERATIONAL PURPOSE/PROPERTY, PLANT & EQUIPMENT							
1.	No. 3-02 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	17	NA/169	226,286	22.12.2010
2.	No. 4-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	17	NA/126	165,000	22.12.2010
3.	No. 4-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	17	NA/135	228,203	24.07.2012
4.	No. 12-01, 12-02 & 12A-01 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	3 penthouse office lots	17	NA/878	1,470,825	30.06.2010

Analysis of Shareholdings

as at 21 April 2014

Authorised share capital	:	RM250,000,000
Paid-up share capital	:	RM197,979,725.50
Class of shares	:	Ordinary shares of RM0.50 each
Voting right	:	One vote per ordinary share

Distribution of shareholders

Size of holdings	No. of shareholders	No. of shares	%
Less than 100	17	408	0.00
100 to 1,000	506	415,890	0.11
1,001 to 10,000	2,746	14,472,481	3.65
10,001 to 100,000	1,096	34,461,830	8.70
100,001 to 19,797,791	195	133,319,404	33.67
19,797,791 and above	4	213,289,438	53.87
TOTAL	4,564	395,959,451	100.00

List of substantial shareholders as shown in the Register of Substantial Shareholders

Substantial Shareholders	No. of ordinary shares of RM0.50 held			
	Direct	%	Deemed	%
SIRAM PERMAI SDN. BHD.	127,750,001	32.26	-	-
AMAL PINTAS SDN. BHD.	33,339,643	8.42	-	-
NADA AYU SDN.BHD.	28,400,000	7.17	-	-
TEH KIAK SENG	23,799,794	6.01	127,750,001(N1)	32.26
TSAI CHANG HSIU-HSIANG	-	-	33,339,643(N2)	8.42
TSAI CHIA LING	-	-	33,339,643(N2)	8.42
TSAI YUNG CHUAN	500,000	0.13	33,339,643(N2)	8.42
PEMBANGUNAN BANDAR MUTIARA SDN. BHD.	-	-	28,400,000(N3)	7.17
NADAYU PROPERTIES BERHAD	-	-	28,400,000(N3)	7.17
ATIS IDR VENTURES SDN. BHD.	-	-	28,400,000(N3)	7.17
KVC CORPORATION SDN. BHD.	-	-	28,400,000(N3)	7.17
IDEAL REGION SDN. BHD.	-	-	28,400,000(N3)	7.17
HAMIDON BIN ABDULLAH	350,000	0.09	28,400,000(N3)	7.17
CHEN KAI VOON	18,900,000	4.77	28,400,000(N3)	7.17

Notes :

N1 Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Siram Permai Sdn. Bhd.
N2 Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Amal Pintas Sdn. Bhd.
N3 Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Nada Ayu Sdn. Bhd.

List of directors' shareholdings as shown in the Register of Directors

Directors	No. of ordinary shares of RM0.50 held			
	Direct	%	Deemed	%
LAI FOOK HOY	3,900,000	0.98	-	-
TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI	1,000,000	0.25	-	-
TEH KIAK SENG	23,799,794	6.01	127,750,001(N1)	32.26
TEH THENG THENG	1,216,800	0.31	-	-
TSAI CHIA LING	-	-	33,339,643(N2)	8.42
YEOH CHONG KEAT	300,000	0.08	-	-

N1 Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Siram Permai Sdn. Bhd.
N2 Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Amal Pintas Sdn. Bhd.

30 Largest Shareholdings

as at 21 April 2014

List of 30 largest shareholders according to the Record of Depositors

	Name	No. of shares held	%
1.	SIRAM PERMAI SDN. BHD.	127,750,001	32.26
2.	AMAL PINTAS SDN. BHD.	33,339,643	8.42
3.	NADA AYU SDN. BHD.	28,400,000	7.17
4.	TEH KIAK SENG	23,799,794	6.01
5.	RHB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHEN KHAI VOON*	18,900,000	4.77
6.	WYZ CAPITAL SDN. BHD.	9,777,327	2.47
7.	POH CHEAN HUNG	9,532,876	2.41
8.	HSBC NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK)*	7,850,000	1.98
9.	RHB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR SA CHEE PENG*	7,700,000	1.94
10.	SOUND VANTAGE SDN. BHD.	6,441,656	1.63
11.	LAI FOOK HOY	3,900,000	0.98
12.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. *CIMB ISLAMIC TRUSTEE BERHAD FOR HWANG SELECT DIVIDEND FUND*	2,391,500	0.60
13.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)*	2,220,000	0.56
14.	AMANAHRAYA TRUSTEES BERHAD *PB ASIA REAL ESTATE INCOME FUND*	2,008,200	0.51
15.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR FONG JONG YAN*	1,850,000	0.47
16.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)*	1,808,500	0.46
17.	CHUAH BENG KIAT	1,660,000	0.42
18.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)*	1,461,400	0.37
19.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *OOI SIEW HWA*	1,411,340	0.36
20.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *EMPLOYEES PROVIDENT FUND BOARD (PHEIM)*	1,278,800	0.32
21.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)*	1,240,100	0.31
22.	TEH THENG THENG	1,216,800	0.31
23.	UOBM NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH(CUST ASSET)*	1,050,000	0.27
24.	TOH POH SENG	1,000,000	0.25
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TING SIEW PIN (CEB)*	976,500	0.25
26.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR JULIAN SURESH CANDIAH*	972,800	0.25
27.	HSBC NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)*	935,500	0.24
28.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LIM YEOK BENG*	904,300	0.23
29.	CHEW E-LIANG	867,000	0.22
30.	THAW YENG CHEONG	860,000	0.22

Analysis of Warrant Holdings

as at 21 April 2014

Number of outstanding warrants	:	33,660,549
Exercise period	:	The exercise period is any time within a period of 5 years from the date of issue up to the expiry date of 30 May 2017
Exercise price	:	RM0.60 and subject to adjustments (where applicable) in accordance with the conditions provided in the Deed Poll.
Warrant Entitlement	:	Each warrant entitles the registered holder during the Exercise period to subscribe for one new ordinary share of RM0.50 each
Number of warrant holders as at 21 April 2014	:	704

Distribution of warrant holders

Size of holdings	No. of Warrant Holders	No. of Warrants	%
Less than 100	56	2,283	0.00
100 to 1,000	141	89,520	0.27
1,001 to 10,000	333	1,646,010	4.89
10,001 to 100,000	154	5,171,240	15.36
100,001 to 1,683,026	17	5,149,608	15.30
1,683,027 and above	3	21,601,888	64.18
TOTAL	704	33,660,549	100.00

List of directors' warrant holdings as shown in the Register of Directors

Directors	No. of Warrants held			
	Direct	%	Deemed	%
LAI FOOK HOY	116,262	0.35	-	-
TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI	-	-	-	-
TEH KIAK SENG	-	-	15,050,000(N1)	44.71
TEH THENG THENG	-	-	-	-
TSAI CHIA LING	-	-	4,762,806(N2)	14.15
YEOH CHONG KEAT	-	-	-	-

N1 Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Siram Permai Sdn. Bhd.

N2 Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Amal Pintas Sdn. Bhd.

30 Largest Warrant Holdings

as at 21 April 2014

List of 30 largest warrant holders according to the Record of Depositors

	Name	No. of Warrant held	%
1.	SIRAM PERMAI SDN. BHD.	15,050,000	44.71
2.	AMAL PINTAS SDN. BHD.	4,762,806	14.15
3.	POH CHEAN HUNG	1,789,082	5.32
4.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHUA CHIN CHYANG*	1,500,200	4.46
5.	WYZ CAPITAL SDN. BHD.	758,446	2.25
6.	QUAH TEE PENG	493,000	1.46
7.	CHUA KIEN HUA	461,400	1.37
8.	LUM PONG LUEN	312,000	0.93
9.	UOBM NOMINEES (TEMPATAN) SDN. BHD. *GOLDEN TOUCH ASSET MANAGEMENT SDN BHD FOR GOLDEN TOUCH ALLWEATHER FUND*	198,000	0.59
10.	CHIA KANG MENG	170,000	0.51
11.	DEO BENG CHUAN	155,000	0.46
12.	LEE HAN BIN	153,000	0.45
13.	HLIB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHEE CHIN EWE (CCTS)*	141,000	0.42
14.	CHANG KEAN CHIAT	122,000	0.36
15.	UOBM NOMINEES (TEMPATAN) SDN. BHD. *GOLDEN TOUCH ASSET MANAGEMENT SDN BHD FOR HUA EDUCATION ASSISTANCE SDN. BHD. (TRUST AC/CLIENT)*	120,000	0.36
16.	PANG SEE HUA	118,000	0.35
17.	LAI FOOK HOY	116,262	0.35
18.	CHANG YEAN YANN	114,400	0.34
19.	UOBM NOMINEES (TEMPATAN) SDN. BHD. *GOLDEN TOUCH ASSET MANAGEMENT SDN. BHD. FOR TOK BENG TIONG (TRUST AC/CLIENT)*	111,000	0.33
20.	HLIB NOMINEES (TEMPATAN) SDN. BHD. *HONG LEONG BANK BHD FOR WONG SIEW HWA*	105,900	0.31
21.	MAK TECK MENG	100,000	0.30
22.	PEN HARVEST SDN. BHD.	100,000	0.30
23.	HENG LEE AND COMPANY SDN. BERHAD	100,000	0.30
24.	LUM PONG KIT	100,000	0.30
25.	KOAY CHEW BIN	97,000	0.29
26.	LIONG CHEE CHYEN	91,000	0.27
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LEE GUAT YEE (8056437)*	90,000	0.27
28.	SETO CHEN & SONS SDN. BHD.	90,000	0.27
29.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN YEONG TAT (E-KPG)*	80,000	0.24
30.	LEE HAN BIN	72,000	0.21

Pearl Harmoni @ Pearl City

Pearl City Mall

Financial Statements

48 Directors' Report 56 Statement By Directors 56 Statutory Declaration

57 Independent Auditors' Report To The Members 59 Statements Of Financial Position

60 Statements Of Profit Or Loss And Other Comprehensive Income 61 Statements Of Changes In Equity

65 Statements Of Cash Flows 67 Notes To The Financial Statements

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 December 2013**.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and project management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group	Company
	RM	RM
Profit for the financial year	87,755,963	57,789,755
Attributable to:		
Owners of the parent	64,985,603	57,789,755
Non-controlling interests	22,770,360	0
Profit for the financial year	87,755,963	57,789,755

DIVIDENDS

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

	Company
	RM
In respect of financial year ended 31 December 2012:	
Final single tier dividend of 3.3 Sen per ordinary share, paid on 12 September 2013	11,088,475
In respect of financial year ended 31 December 2013:	
Interim single tier dividend of 2.0 Sen per ordinary share, paid on 18 February 2014	7,890,064
	18,978,539

The Directors propose a final single tier dividend of 4.6 Sen per ordinary share amounting to RM18,134,386 in respect of the financial year ended 31 December 2013, subject to the approval of members at the forthcoming Annual General Meeting.

Directors' Report (Cont'd)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM155,421,500 to RM197,112,890 by way of:

(a) Issuance of 4,399,000 new ordinary shares of RM0.50 each for cash pursuant to the exercise of Employees' Share Options Scheme.

(b) Issuance of 8,983,781 new ordinary shares of RM0.50 each pursuant to the exercise of warrants at RM0.60 per ordinary share.

(c) Issuance of 15,000,000 new ordinary shares of RM0.50 each pursuant to placement at an issue price of RM1.32 per ordinary share.

(d) Issuance of 55,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.30 per ordinary share pursuant to the acquisition of the remaining 40% and 30% equity interests in Palmington Sdn. Bhd. and Tambun Indah Development Sdn. Bhd..

The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Options Scheme ('ESOS').

The ESOS of the Company came into effect on 5 June 2012. The ESOS shall be in force for a period of five (5) years until 5 June 2017 ('the option period'). The main features of the ESOS are as follows:

(a) Directors, and confirmed employees of the Group who have served at least 2 years of continuous services are eligible under the Scheme;

(b) The maximum number of new Shares which may be issued and allotted pursuant to the exercise of the Options shall not at any point in time in aggregate exceed 5% of the issued and paid-up capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme;

(c) Not more than 50% of the new Shares available under the scheme shall be allocated in aggregate, to the Directors and senior management of the Group;

Directors' Report (Cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

(d) The allocation to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares), does not exceed 10% of the total number of the new Shares to be issued under the Scheme;

(e) The options granted may be exercised any time within the option period from the date of offer;

(f) The option price of a new ordinary share under the ESOS shall be the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad ('Bursa Securities') immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme, or at the par value of the ordinary shares of RM0.50 each, whichever is higher;

(g) The options granted are not entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new Shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subjected to all provisions of the Articles relating to the transfer, transmission and otherwise;

(h) The ESOS Committee at any time and from time to time recommends to the Board any addition or amendment to or deletion of the By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation. Any subsequent modifications or changes to the By-laws do not need the prior approval of the Bursa Securities and/or any other relevant authorities; and

(i) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.

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

		← Number of options over ordinary shares of RM0.50 each →				
	Option price	Outstanding as at	Movements during the financial year		Outstanding as at	Exercisable as at
Date of offer	RM	1.1.2013	Granted	Exercised	31.12.2013	31.12.2013
5 June 2012	0.50	5,259,000	0	(3,654,000)	1,605,000	1,605,000
31 July 2012	0.54	20,000	0	(20,000)	0	0
30 November 2012	0.65	278,000	0	(263,000)	15,000	15,000
2 May 2013	0.85	0	964,000	(462,000)	502,000	502,000
15 November 2013	1.27	0	1,338,000	0	1,338,000	298,000
		5,557,000	2,302,000	(4,399,000)	3,460,000	2,420,000

Directors' Report (Cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 6 March 2014 from having to disclose the list of option holders to whom options have been granted during the financial year and details of their holdings pursuant to Section 169(11) of the Companies Act, 1965 in Malaysia except for information of employees who were granted 300,000 options and above.

The employees of the Company and of the subsidiaries who were granted 300,000 options and above under the ESOS during the financial year were as follows:

	Number of options over ordinary shares of RM0.50 each			
	Outstanding as at 1.1.2013	**Movements during the financial year**		**Outstanding as at 31.12.2013**
		Granted	**Exercised**	
2 May 2013				
Neoh Sze Tsin	250,000	450,000	(370,000)	330,000
15 November 2013				
Lim Heng Tean	0	300,000	0	300,000

The details of options granted to the Directors are disclosed in the Directors' Interest of this report.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Teh Kiak Seng	
Teh Theng Theng	
Yeoh Chong Keat	
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	
Lai Fook Hoy	
Tsai Chia Ling	(appointed on 19 June 2013)
Tsai Yung Chuan	(retired on 19 June 2013)
Tsai Chia Ling (Alternate to Tsai Yung Chuan)	(ceased as alternate Director on 19 June 2013)
Thaw Yeng Cheong	(resigned on 19 November 2013)

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares, options over ordinary shares and warrants in the Company and of its related corporations during the financial year ended 31 December 2013 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	← Number of ordinary shares of RM 0.50 each →			
	Balance as at 1.1.2013/ Date of appointment	**Bought**	**Sold**	**Balance as at 31.12.2013**
Shareholdings in the Company				
Direct interests				
Teh Kiak Seng	19,428,520	4,371,274	0	23,799,794
Teh Theng Theng	692,200	524,600	0	1,216,800
Yeoh Chong Keat	0	300,000	0	300,000
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	700,000	300,000	0	1,000,000
Lai Fook Hoy	3,100,000	800,000	0	3,900,000
Indirect interests				
Teh Kiak Seng*	124,950,001	2,800,000	0	127,750,001
Tsai Chia Ling**	33,339,643	0	0	33,339,643

	← Number of warrants of RM0.50 each →			
	Balance as at 1.1.2013/ Date of appointment	**Bought**	**Sold**	**Balance as at 31.12.2013**
Warrants in the Company				
Direct interests				
Teh Kiak Seng	3,271,274	0	(3,271,274)	0
Teh Theng Theng	24,600	0	(24,600)	0
Lai Fook Hoy	453,762	162,500	(500,000)	116,262
Indirect interests				
Teh Kiak Seng*	17,850,000	0	(2,800,000)	15,050,000
Tsai Chia Ling**	4,762,806	0	0	4,762,806

* Deemed interested by virtue of shareholdings in Siram Permai Sdn. Bhd.

** Deemed interested by virtue of shareholdings in Amal Pintas Sdn. Bhd.

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (CONTINUED)

	Number of options over ordinary shares of RM 0.50 each			
	Balance as at 1.1.2013	Movements during the financial year		Balance as at 31.12.2013
		Granted	Exercised	
Share options in the Company				
Teh Kiak Seng	1,500,000	0	0	1,500,000
Teh Theng Theng	500,000	0	(500,000)	0
Yeoh Chong Keat	300,000	0	(300,000)	0
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	300,000	0	(300,000)	0
Lai Fook Hoy	300,000	0	(300,000)	0

By virtue of his interests in the ordinary shares of the Company, Teh Kiak Seng is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those remunerations received by certain Directors as directors/executives of the subsidiaries and those transactions entered into in the ordinary course of business with companies in which certain Directors of the Company have substantial interests as disclosed in Note 42(b) to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as disclosed in Note 39 to the financial statements.

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts and that provision need not be made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Group and of the Company; and

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the result of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 46 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continued in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Teh Kiak Seng
Director

Teh Theng Theng
Director

Penang
28 April 2014

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 59 to 150 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 47 on page 151 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Teh Kiak Seng
Director

Teh Theng Theng
Director

Penang
28 April 2014

STATUTORY DECLARATION

I, Teh Kiak Seng, being the Director primarily responsible for the financial management of Tambun Indah Land Berhad, do solemnly and sincerely declare that the financial statements set out on page 59 to 151 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang this 28 April 2014

Teh Kiak Seng

Before me,

Commissioner for Oaths

Independent Auditors' Report
To The Members Of Tambun Indah Land Berhad

Report on the Financial Statements

We have audited the financial statements of Tambun Indah Land Berhad, which comprise statements of financial position as at 31 December 2013 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 150.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

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 about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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.

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

Independent Auditors' Report
To The Members Of Tambun Indah Land Berhad (Cont'd)

Other Reporting Responsibilities

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

Other Matters

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

BDO
AF: 0206
Chartered Accountants

Se Kuo Shen
2949/05/14 (J)
Chartered Accountant

Penang
28 April 2014

Statements of Financial Position

As At 31 December 2013

	NOTE	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	3,365,349	3,579,196	1,082,784	1,239,790
Investment properties	8	64,185,173	58,643,862	0	0
Land held for property development	9	78,535,930	68,235,252	0	0
Investments in subsidiaries	10	0	0	246,640,233	85,206,015
Investment in an associate	11	7,086,734	5,042,567	4,571,079	4,571,079
Investment in a joint venture	12	0	0	0	0
Goodwill on consolidation	13	0	0	0	0
Deferred tax assets	14	3,957,000	1,224,000	0	0
		157,130,186	136,724,877	252,294,096	91,016,884
Current assets					
Inventories	15	339,858	252,880	0	0
Property development costs	16	125,141,359	138,957,323	0	0
Trade and other receivables	17	86,607,526	70,576,418	36,529,897	58,820,671
Current tax assets		1,751,266	1,388,547	0	0
Short term funds	18	14,546,177	14,113,760	13,532,142	14,113,760
Cash and cash equivalents	19	111,393,026	81,858,662	18,869,457	7,789,405
		339,779,212	307,147,590	68,931,496	80,723,836
TOTAL ASSETS		496,909,398	443,872,467	321,225,592	171,740,720
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	20	197,112,890	155,421,500	197,112,890	155,421,500
Reserves	21	112,953,644	67,792,935	105,134,125	8,942,047
		310,066,534	223,214,435	302,247,015	164,363,547
Non-controlling interests		3,515,260	38,701,899	0	0
TOTAL EQUITY		313,581,794	261,916,334	302,247,015	164,363,547
LIABILITIES					
Non-current liabilities					
Borrowings	22	73,323,374	77,117,753	278,306	384,102
Deferred tax liabilities	14	496,000	1,765,350	0	0
		73,819,374	78,883,103	278,306	384,102
Current liabilities					
Trade and other payables	27	81,059,126	93,034,240	8,194,475	6,346,228
Borrowings	22	24,845,170	6,707,615	10,105,796	100,609
Current tax liabilities		3,603,934	3,331,175	400,000	546,234
		109,508,230	103,073,030	18,700,271	6,993,071
TOTAL LIABILITIES		183,327,604	181,956,133	18,978,577	7,377,173
TOTAL EQUITY AND LIABILITIES		496,909,398	443,872,467	321,225,592	171,740,720

The accompanying notes form an integral part of the financial statements.

Statements of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2013

	NOTE	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	28	376,389,141	296,707,539	65,787,079	38,091,118
Cost of sales	29	(239,694,254)	(193,431,625)	0	0
Gross profit		136,694,887	103,275,914	65,787,079	38,091,118
Other income					
- Interest income	30	2,589,147	1,369,147	1,667,723	1,112,078
- Other income	31	1,063,928	288,726	128,189	0
Selling and distribution expenses		(12,094,621)	(13,466,118)	0	0
Administrative expenses		(10,005,464)	(11,028,777)	(8,384,500)	(7,545,921)
Other expense		0	0	0	(14,863,486)
Finance costs	32	(2,845,290)	(2,196,794)	(20,603)	(394,720)
Share of profit of an associate	11	2,305,967	743,631	0	0
Share of loss of a joint venture	12	(1)	0	0	0
Profit before tax	33	117,708,553	78,985,729	59,177,888	16,399,069
Tax expense	35	(29,952,590)	(21,937,301)	(1,388,133)	(2,019,905)
Profit for the financial year		87,755,963	57,048,428	57,789,755	14,379,164
Total other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		87,755,963	57,048,428	57,789,755	14,379,164
Profit attributable to:					
Owners of the parent		64,985,603	40,812,192	57,789,755	14,379,164
Non-controlling interests	10 (d)	22,770,360	16,236,236	0	0
		87,755,963	57,048,428	57,789,755	14,379,164
Earnings per ordinary share attributable to equity holders of the Company (Sen):					
Basic (Sen)	36 (a)	19.77	14.93		
Diluted (Sen)	36 (b)	18.71	14.81		

The accompanying notes form an integral part of the financial statements.

Group	NOTE	Non-distributable					Distributable			
		Share capital RM	Share premium RM	Share options reserve RM	Capital reserve RM	Warrants reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2012		110,500,000	6,400,000	0	0	0	38,431,011	155,331,011	32,033,019	187,364,030
Profit for the financial year		0	0	0	0	0	40,812,192	40,812,192	16,236,236	57,048,428
Other comprehensive income, net of tax		0	0	0	0	0	0	0	0	0
Total comprehensive income		0	0	0	0	0	40,812,192	40,812,192	16,236,236	57,048,428
Transactions with owners										
Issuance of ordinary shares pursuant to:										
- ESOS	20	721,500	125,240	0	0	0	0	846,740	0	846,740
- Rights issue	20	44,200,000	0	0	0	0	0	44,200,000	0	44,200,000
Dividends	37	0	0	0	0	0	(18,024,988)	(18,024,988)	0	(18,024,988)
Dividends paid to non-controlling interests of subsidiaries		0	0	0	0	0	0	0	(2,700,000)	(2,700,000)
Issuance of warrants		0	0	0	0	884,000	(884,000)	0	0	0
Share options granted under ESOS		0	0	49,480	0	0	0	49,480	0	49,480
Redemption of redeemable preference shares ('RPS') acquired by non-controlling interest of subsidiaries		0	0	0	0	0	0	0	(6,867,356)	(6,867,356)
Redemption of RPS by subsidiaries		0	0	0	199,579	0	(199,579)	0	0	0
Total transactions with owners		44,921,500	125,240	49,480	199,579	884,000	(19,108,567)	27,071,232	(9,567,356)	17,503,876
Balance at 31 December 2012		155,421,500	6,525,240	49,480	199,579	884,000	60,134,636	223,214,435	38,701,899	261,916,334

The accompanying notes form an integral part of the financial statements.

Statements of Changes In Equity

For The Financial Year Ended 31 December 2013 (Cont'd)

		Non-distributable					Distributable			
Group	NOTE	Share capital RM	Share premium RM	Share options reserve RM	Capital reserve RM	Warrants reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2013		155,421,500	6,525,240	49,480	199,579	884,000	60,134,636	223,214,435	38,701,899	261,916,334
Profit for the financial year		0	0	0	0	0	64,985,603	64,985,603	22,770,360	87,755,963
Other comprehensive income, net of tax		0	0	0	0	0	0	0	0	0
Total comprehensive income		0	0	0	0	0	64,985,603	64,985,603	22,770,360	87,755,963
Transactions with owners										
Issuance of ordinary shares pursuant to:										
- ESOS	20	2,199,500	321,806	(119,856)	0	0	0	2,401,450	0	2,401,450
- Warrants	20	4,491,890	1,078,054	0	0	(179,676)	0	5,390,268	0	5,390,268
- Placement	20	7,500,000	12,300,000	0	0	0	0	19,800,000	0	19,800,000
- acquisition of additional equity interests in subsidiaries	20	27,500,000	44,000,000	0	0	0	(58,227,217)	13,272,783	(29,966,999)	(16,694,216)
Share issue expenses		0	(304,550)	0	0	0	0	(304,550)	0	(304,550)
Dividends	37	0	0	0	0	0	(18,978,539)	(18,978,539)	0	(18,978,539)
Dividends paid to non-controlling interests of subsidiaries		0	0	0	0	0	0	0	(19,950,000)	(19,950,000)
Share options granted under ESOS		0	0	285,084	0	0	0	285,084	0	285,084
Redemption of RPS acquired by non-controlling interest of a subsidiary		0	0	0	0	0	0	0	(8,040,000)	(8,040,000)
Redemption of RPS by subsidiaries		0	0	0	268,000	0	(268,000)	0	0	0
Total transactions with owners		41,691,390	57,395,310	165,228	268,000	(179,676)	(77,473,756)	21,866,496	(57,956,999)	(36,090,503)
Balance at 31 December 2013		197,112,890	63,920,550	214,708	467,579	704,324	47,646,483	310,066,534	3,515,260	313,581,794

The accompanying notes form an integral part of the financial statements.

Company	NOTE	Non-distributable: Share capital RM	Non-distributable: Share premium RM	Non-distributable: Share options reserve RM	Non-distributable: Warrants reserve RM	Distributable: Retained earnings RM	Total equity RM
Balance at 1 January 2012		110,500,000	6,400,000	0	0	6,013,151	122,913,151
Profit for the financial year		0	0	0	0	14,379,164	14,379,164
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	0	0	14,379,164	14,379,164
Transactions with owners							
Dividends	37	0	0	0	0	(18,024,988)	(18,024,988)
Issuance of ordinary shares pursuant to:							
- ESOS	20	721,500	125,240	0	0	0	846,740
- Rights issue	20	44,200,000	0	0	0	0	44,200,000
Issuance of warrants		0	0	0	884,000	(884,000)	0
Share options granted under ESOS		0	0	49,480	0	0	49,480
Total transactions with owners		44,921,500	125,240	49,480	884,000	(18,908,988)	27,071,232
Balance at 31 December 2012		155,421,500	6,525,240	49,480	884,000	1,483,327	164,363,547

The accompanying notes form an integral part of the financial statements.

Statements of Changes In Equity

For The Financial Year Ended 31 December 2013 (Cont'd)

Company	NOTE	Non-distributable				Distributable	
		Share capital RM	Share premium RM	Share options reserve RM	Warrants reserve RM	Retained earnings RM	Total equity RM
Balance at 1 January 2013		155,421,500	6,525,240	49,480	884,000	1,483,327	164,363,547
Profit for the financial year		0	0	0	0	57,789,755	57,789,755
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	0	0	57,789,755	57,789,755
Transactions with owners							
Dividends	37	0	0	0	0	(18,978,539)	(18,978,539)
Issuance of ordinary shares pursuant to:							
- ESOS	20	2,199,500	321,806	(119,856)	0	0	2,401,450
- Warrants	20	4,491,890	1,078,054	0	(179,676)	0	5,390,268
- Placement	20	7,500,000	12,300,000	0	0	0	19,800,000
- acquisition of additional equity interests in subsidiaries	20	27,500,000	44,000,000	0	0	0	71,500,000
Share issue expenses		0	(304,550)	0	0	0	(304,550)
Share options granted under ESOS		0	0	285,084	0	0	285,084
Total transactions with owners		41,691,390	57,395,310	165,228	(179,676)	(18,978,539)	80,093,713
Balance at 31 December 2013		197,112,890	63,920,550	214,708	704,324	40,294,543	302,247,015

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 December 2013

	NOTE	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		117,708,553	78,985,729	59,177,888	16,399,069
Adjustments for:					
Depreciation of property, plant and equipment	7	494,946	472,212	399,709	383,385
Dividend income		0	0	(55,501,900)	(29,645,271)
Gain on disposal of property, plant and equipment	31	(78,189)	(20,667)	(128,189)	0
Impairment on goodwill on consolidation	13	3,430	1,766,236	0	0
Impairment loss on investments in subsidiaries	10	0	0	0	14,863,486
Loss on disposal of property, plant and equipment	33	828	1,500	828	1,500
Net gain from fair value adjustments on investment properties	8	(745,522)	(115,000)	0	0
Property, plant and equipment written off	7	0	2,583	0	2,583
Rights issue expenses	33	0	1,177,459	0	1,177,459
Share of profit of an associate	11	(2,305,967)	(743,631)	0	0
Share of loss on a joint venture	12	1	0	0	0
Share options granted under ESOS		285,084	49,480	285,084	49,480
Interest paid	32	2,845,290	2,196,794	20,603	394,720
Interest income	30	(2,589,147)	(1,369,147)	(1,667,723)	(1,112,078)
Operating profit before working capital changes		115,619,307	82,403,548	2,586,300	2,514,333
Changes in working capital:					
Land held for property development		(10,300,678)	15,885,695	0	0
Inventories		(86,978)	2,526,837	0	0
Property development costs		12,726,638	(25,647,578)	0	0
Trade and other receivables		(16,031,108)	(5,281,269)	22,290,774	(24,958,209)
Trade and other payables		(13,639,808)	36,405,626	186,983	(28,855,072)
Net cash from/(used in) operations		88,287,373	106,292,859	25,064,057	(51,298,948)
Interest received		2,589,147	1,369,147	1,667,723	1,112,078
Tax paid		(35,609,096)	(25,439,340)	(1,534,367)	(1,652,171)
Tax refunded		1,564,196	1,500,290	0	0
Net cash from/(used in) operating activities		56,831,620	83,722,956	25,197,413	(51,839,041)

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 December 2013 (Cont'd)

	NOTE	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	7 (a)	(327,237)	(1,350,048)	(289,881)	(1,080,252)
Purchase of investment properties	8	(3,706,463)	(48,702,160)	0	0
Proceeds from disposal of property, plant and equipment		123,499	32,000	174,539	2,000
Placements of deposits pledged with licensed banks		(5,641,935)	(5,681,304)	(7,633,237)	0
Dividend income					
- subsidiaries		0	0	55,240,100	29,408,265
- associate		261,800	237,006	261,800	237,006
Acquisition of:					
- a subsidiary	10 (f)	0	0	(2)	0
- additional shares in existing subsidiaries	10 (g)	(16,694,216)	0	(16,694,216)	0
- a joint venture		(1)	0	0	0
- RPS in a subsidiary	10 (i)	0	0	(92,000,000)	0
- RPS in an associate		0	(2,900,000)	0	(2,900,000)
Redemption of RPS in subsidiaries	10 (h)	0	0	18,760,000	13,090,497
Net cash (used in)/from investing activities		(25,984,553)	(58,364,506)	(42,180,897)	38,757,516
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to non-controlling interests of subsidiaries		(19,950,000)	(2,700,000)	0	0
Drawdowns of bank borrowings		44,930,060	22,696,835	10,000,000	0
Payment of share issue expenses		(304,550)	0	(304,550)	0
Proceeds from the issuance of shares pursuant to:					
- Rights issue		0	44,200,000	0	44,200,000
- ESOS		2,401,450	846,740	2,401,450	846,740
- warrants		5,390,268	0	5,390,268	0
- placement		19,800,000	0	19,800,000	0
Repayments of bank borrowings		(30,486,275)	(16,449,213)	0	0
Repayments of hire purchase creditors		(100,609)	(55,289)	(100,609)	(55,289)
Rights issue expenses	33	0	(1,177,459)	0	(1,177,459)
Dividends paid		(17,317,275)	(11,796,188)	(17,317,275)	(11,796,188)
Redemption of RPS acquired by non-controlling interest of a subsidiary		(8,040,000)	(6,867,356)	0	0
Interest paid	32	(2,845,290)	(2,196,794)	(20,603)	(394,720)
Net cash (used in)/from financing activities		(6,522,221)	26,501,276	19,848,681	31,623,084
Net increase in cash and cash equivalents		24,324,846	51,859,726	2,865,197	18,541,559
Cash and cash equivalents at beginning of the financial year		89,474,074	37,614,348	21,903,165	3,361,606
Cash and cash equivalents at end of the financial year (Note 19(d))		113,798,920	89,474,074	24,768,362	21,903,165

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 12-01, Penthouse, Wisma Pantai, Jalan Wisma Pantai, Kampung Gajah, 12200 Butterworth, Penang.

The consolidated financial statements for the financial year ended 31 December 2013 comprise the Company and its subsidiaries and the interests of the Group in an associate and a joint venture. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 April 2014.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and project management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 59 to 150 have been prepared in accordance with Financial Reporting Standards (‘FRSs’) and the provisions of the Companies Act, 1965 in Malaysia. However, Note 47 to the financial statements set out on page 151 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ('RM') and have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation (Continued)

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations (Continued)

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.10 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and rates are as follows:

Buildings	35 years
Computers	20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%
Renovation	10%
Air conditioners	10%

Construction-in-progress represents renovation-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation (Continued)

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.11 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4.5 Leases and hire purchase

(a) Finance lease and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Property development activities

(a) Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fee, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or costs that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

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

When revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in profit or loss, the balance is classified as progress billings under current liabilities.

4.7 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

4.8 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Investment properties (Continued)

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.9 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Investments (Continued)

(b) Associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Investments (Continued)

(c) Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures*.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(i) The structure of the joint arrangement;
(ii) The legal form of joint arrangements structured through a separate vehicle;
(iii) The contractual terms of the joint arrangement agreement; and
(iv) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Intangible asset

Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets and liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

4.11 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries, an associate and a joint venture), inventories, assets arising from construction contract, land held for property development, property development costs, deferred tax assets and investment properties measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8 *Operating Segments*.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Impairment of non-financial assets (Continued)

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.12 Inventories

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

The cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.13 Financial instruments

A financial instrument is any contract that gives rise to 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, an equity instrument of another enterprise, a contractual right to received cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

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

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (Continued)

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivates (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains and losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains and losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in according with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (Continued)

(b) Financial liabilities (Continued)

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (Continued)

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.14 Impairment of financial assets

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

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivables or investee, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

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

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in an subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

4.16 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

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 income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Income Taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

4.17 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would 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 extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would 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 disclose its existence where inflows of economic benefits are probable, but not virtually certain.

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(c) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees could provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in share premium.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

Revenue from sale of completed properties is recognised upon the finalisation of sale and purchase agreement by end of the reporting period and when the risks and rewards of ownership have passed to the customers.

(b) Construction contracts

Profits from contract works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to date against total estimated costs where the outcome of the project 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.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

(c) Project management fees

Project management fees are recognised when services are rendered.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Revenue recognition (Continued)

(d) Rental income

Rental income from investment properties is recognised based on accrual basis.

(e) Car park income

Operation of car park income is recognised based on receipt basis.

(f) Property management

Property management fees are recognised when services are rendered.

(g) Dividend income

Dividend income is recognised when the right to received payment is established.

(h) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.21 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.21 Operating segments (Continued)

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) per cent of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.22 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.23 Warrant reserve

Where the Company received a lump sum payment ('proceeds') from the issuance of new ordinary shares with warrants, the proceeds received shall be assigned to the ordinary shares and warrants based on their respective fair values.

The value of the warrants ascertained shall be allocated to warrant reserves from other equity items. Warrant reserve is transferred to the share premium upon the exercise of warrants and the warrant reserve in relation to the unexercised warrants shall remain in equity until the warrants lapsed.

4.24 Fair value measurements

The fair value of an asset or a liability except for share-based payment and lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and
(b) Restrictions, if any, on the sale or use of the asset.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.24 Fair value measurements (Continued)

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs adopted during the current financial year

The Group and Company adopted the following Standards of the FRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to FRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
FRS 10 *Consolidated Financial Statements*	1 January 2013
FRS 11 *Joint Arrangements*	1 January 2013
FRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 13 *Fair Value Measurement*	1 January 2013
FRS 119 *Employee Benefits (2011)*	1 January 2013
FRS 127 *Separate Financial Statements*	1 January 2013
FRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
Amendments to FRS 1 *Government Loans*	1 January 2013
Amendments to FRS 7 *Disclosures- Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to *FRSs Improvements to FRSs (2012)*	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONTINUED)

5.1 New FRSs adopted during the current financial year (Continued)

There is no material effect upon the adoption of the above Standards during the financial year other than:

(a) Amendments to FRS 101 is mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require that items other comprehensive income must be grouped into two sections:

(i) Those that are or may be reclassified into profit or loss; and
(ii) Those that will not be reclassified into profit or loss.

The Group has changed the presentation of the statements of profit or loss and other comprehensive income according to these Amendments.

There is no material impact upon the adoption of these Amendments during the financial year.

(b) FRS 10 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard supersedes FRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 *Consolidation – Special Purpose Entities*, and introduces a single 'control model' for all entities, including special purpose entities ('SPEs'), whereby all of the following conditions must be present:

(i) Power over the investee;
(ii) Exposure, or rights, to variable returns from involvement with the investee; and
(iii) Ability to use power over investee to affect its returns.

Other changes introduced by FRS 10 include:

(i) The introduction the concept of 'de facto' control for entities with less than a fifty percent (50%) ownership interest in an entity, but which have a large shareholding compared to other shareholders;
(ii) Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable; and
(iii) Specific guidance for the concept of 'silos', where groups of assets (and liabilities) within one entity are ring-fenced.

The adoption of FRS 10 has resulted in the continuous consolidation of the 50% voting interests of the Group in Zipac Development Sdn. Bhd., Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. in the current year.

(c) FRS 12 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

Following the adoption of this Standard, the Group has disclosed the requirements applicable to the Group in Notes 10, 11 and 12 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONTINUED)

5.1 New FRSs adopted during the current financial year (Continued)

(d) FRS 13 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole FRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other FRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other FRSs have now been relocated to FRS 13.

Whilst there have been some rewording of the previous guidance on FRS 13, there are very few changes to the previous fair value measurement requirements. Instead, FRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

FRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group. It has only a presentation and disclosure impact and therefore, has no material effect on the financial position or performance of the Group.

5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are accounting standards, amendments and interpretations of the FRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group and the Company.

Title	Effective Date
Amendments to FRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to FRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to FRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to FRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Defined Benefit Plans: Employee Contributions (Amendments to FRS 119)	1 July 2014
Amendments to FRSs *Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to FRSs *Annual Improvements 2011 – 2013 Cycle*	1 July 2014
Mandatory Effective Date of FRS 9 and Transition Disclosures	Deferred
FRS 9 *Financial Instruments (2009)*	Deferred
FRS 9 *Financial Instruments (2010)*	Deferred
FRS 9 *Financial Instruments* (Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139)	Deferred

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for future financial years.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but have yet adopted during the current financial year

The Group and Company have yet to adopt the following Standards of the Malaysian Financial Reporting Standards ('MFRS') Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the year.

Title	Effective Date
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2015
Amendments to MFRS 1 *Government Loans*	1 January 2015
MFRS 2 *Share-based Payment*	1 January 2015
MFRS 3 *Business Combinations*	1 January 2015
MFRS 4 *Insurance Contracts*	1 January 2015
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2015
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2015
MFRS 7 *Financial Instruments: Disclosures*	1 January 2015
Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2015
MFRS 8 *Operating Segments*	1 January 2015
MFRS 9 *Financial Instruments*	Deferred
MFRS 9 *Financial Instruments* (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)	Deferred
Mandatory Effective Date of MFRS 9 and Transition Disclosures	Deferred
MFRS 10 *Consolidated Financial Statements*	1 January 2015
MFRS 11 *Joint Arrangements*	1 January 2015
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2015
MFRS 13 *Fair Value Measurement*	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*	1 January 2015
MFRS 101 *Presentation of Financial Statements*	1 January 2015
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 January 2015
MFRS 102 *Inventories*	1 January 2015
MFRS 107 *Statement of Cash Flows*	1 January 2015
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2015
MFRS 110 *Events After the Reporting Period*	1 January 2015
MFRS 111 *Construction Contracts*	1 January 2015
MFRS 112 *Income Taxes*	1 January 2015
MFRS 116 *Property, Plant and Equipment*	1 January 2015
MFRS 117 *Leases*	1 January 2015
MFRS 118 *Revenue*	1 January 2015
MFRS 119 *Employee Benefits*	1 January 2015
MFRS 119 *Employee Benefits (revised)*	1 January 2015
Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)	1 January 2015
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2015
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2015
MFRS 123 *Borrowing Costs*	1 January 2015

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but have yet adopted during the current financial year (Continued)

Title	Effective Date
MFRS 124 *Related Party Disclosures*	1 January 2015
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2015
MFRS 127 *Separate Financial Statements*	1 January 2015
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2015
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2015
MFRS 132 *Financial Instruments: Presentation*	1 January 2015
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2015
MFRS 133 *Earnings Per Share*	1 January 2015
MFRS 134 *Interim Financial Reporting*	1 January 2015
MFRS 136 *Impairment of Assets*	1 January 2015
Amendments to MFRS 136 *Recoverable Amount Disclosure for Non-Financial Assets*	1 January 2015
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2015
MFRS 138 *Intangible Assets*	1 January 2015
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2015
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2015
MFRS 140 *Investment Property*	1 January 2015
MFRS 141 *Agriculture*	1 January 2015
Amendments to MFRSs *Annual Improvements 2009 - 2011 Cycle*	1 January 2015
Annual Improvements 2010 - 2012 Cycle	1 January 2015
Annual Improvements 2011 - 2013 Cycle	1 January 2015
Improvements to MFRSs (2008)	1 January 2015
Improvements to MFRSs (2009)	1 January 2015
Improvements to MFRSs (2010)	1 January 2015
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2015
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2015
IC Interpretation 4 *Determining whether an Arrangement Contains a Lease*	1 January 2015
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2015
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	1 January 2015
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2015
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2015
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2015
IC Interpretation 12 *Service Concession Arrangements*	1 January 2015
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2015
IC Interpretation 14 MFRS 119 *Employee Benefits - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2015
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2015
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2015
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2015
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2015
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2015

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.3 New Malaysian Financial Reporting Standards ('MFRSs') that have been issued, but have yet adopted during the current financial year (Continued)

Title	Effective Date
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2015
IC Interpretation 21 *Levies*	1 January 2015
IC Interpretation 107 *Introduction of the Euro*	1 January 2015
IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*	1 January 2015
IC Interpretation 112 *Consolidation - Special Purpose Entities*	1 January 2015
IC Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2015
IC Interpretation 115 *Operating Leases - Incentives*	1 January 2015
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2015
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2015
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2015
IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*	1 January 2015
IC Interpretation 132 *Intangible Assets - Web Site Costs*	1 January 2015

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the financial year ending 31 December 2015.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Change in estimates

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

The Directors are of the opinion that there are no changes in estimates during the reporting period and at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.2 Critical judgements made in applying accounting policies (Continued)

(b) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(c) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(d) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

The following are key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Note 4.4 to the financial statements. These are common life expectancies applied in the industry which the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgment is required in determining the stage of completion, the extent of total property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluated based on the past experience and by relying on the work of specialists.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.3 Key sources of estimation uncertainty (Continued)

(d) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(e) Fair value of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 45 to the financial statements.

(f) Consolidation of an entity in which the Group holds less than majority of voting rights

The Group considers that it controls in certain subsidiaries even though it owns fifty percent (50%) of the voting rights. This is because the Group is the single largest shareholder with a fifty percent (50%) equity interests. The remaining fifty percent (50%) of the equity shares are held by few shareholders and there is no history of the other few shareholders collaborating to exercise their votes collectively or to outvote the Group as disclosed in Note 10 (c) to the financial statements.

(g) Classification of joint arrangement

For its joint arrangement structured in a separate vehicle, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangement (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

(i) Structure;
(ii) Legal form;
(iii) Contractual agreement; and
(iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that its joint arrangement structured through a separate vehicle provide rights to the net assets and is therefore, classified as a joint venture.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.3 Key sources of estimation uncertainty (Continued)

(h) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(i) Level 1: Quoted prices in active markets for identical items (unadjusted);
(ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
(iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The Group engages a professional valuer to perform valuations on investment properties as disclosed in Note 8 to the financial statements. These valuation reports would be tabled annually to the Audit Committee for approval, where applicable.

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

(i) Investment properties, Note 8 to the financial statements;
(ii) Short term funds, Note 18 to the financial statements; and
(iii) Financial instruments, Note 44 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Air conditioners RM	Total RM
At cost							
Balance as at 1 January 2013	2,212,966	224,473	637,958	1,387,593	134,383	17,530	4,614,903
Additions	0	79,725	9,620	237,892	0	0	327,237
Disposals	0	0	(2,285)	(73,850)	0	0	(76,135)
Balance as at 31 December 2013	2,212,966	304,198	645,293	1,551,635	134,383	17,530	4,866,005
Accumulated depreciation							
Balance as at 1 January 2013	59,309	67,878	224,166	648,712	26,877	8,765	1,035,707
Current charge	63,343	60,837	89,769	265,806	13,438	1,753	494,946
Disposals	0	0	(457)	(29,540)	0	0	(29,997)
Balance as at 31 December 2013	122,652	128,715	313,478	884,978	40,315	10,518	1,500,656
Carrying amount							
Balance as at 31 December 2013	2,090,314	175,483	331,815	666,657	94,068	7,012	3,365,349

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Buildings RM	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Air conditioners RM	Construction-in-progress RM	Total RM
At cost								
Balance as at 1 January 2012	0	79,155	452,685	797,310	134,383	17,530	412,993	1,894,056
Additions	0	153,358	187,413	660,283	0	0	888,994	1,890,048
Transfer from investment properties (Note 8)	2,212,966	0	0	0	0	0	0	2,212,966
Transfer to land held for property development (Note 9)	0	0	0	0	0	0	(1,301,987)	(1,301,987)
Disposals	0	(5,040)	(2,140)	(70,000)	0	0	0	(77,180)
Written off	0	(3,000)	0	0	0	0	0	(3,000)
Balance as at 31 December 2012	2,212,966	224,473	637,958	1,387,593	134,383	17,530	0	4,614,903
Accumulated depreciation								
Balance as at 1 January 2012	0	25,591	136,824	445,393	13,439	7,012	0	628,259
Current charge	59,309	45,920	87,806	263,986	13,438	1,753	0	472,212
Disposals	0	(3,216)	(464)	(60,667)	0	0	0	(64,347)
Written off	0	(417)	0	0	0	0	0	(417)
Balance as at 31 December 2012	59,309	67,878	224,166	648,712	26,877	8,765	0	1,035,707
Carrying amount								
Balance as at 31 December 2012	2,153,657	156,595	413,792	738,881	107,506	8,765	0	3,579,196

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Air conditioners RM	Total RM
At cost						
Balance as at 1 January 2013	179,786	314,916	998,200	120,946	10,518	1,624,366
Additions	39,304	12,685	237,892	0	0	289,881
Disposals	(2,081)	(2,285)	(75,080)	0	0	(79,446)
Balance as at 31 December 2013	217,009	325,316	1,161,012	120,946	10,518	1,834,801
Accumulated depreciation						
Balance as at 1 January 2013	40,206	69,860	259,319	13,438	1,753	384,576
Current charge	47,875	70,837	265,806	13,438	1,753	399,709
Disposals	(1,041)	(457)	(30,770)	0	0	(32,268)
Balance as at 31 December 2013	87,040	140,240	494,355	26,876	3,506	752,017
Carrying amount						
Balance as at 31 December 2013	129,969	185,076	666,657	94,070	7,012	1,082,784

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Air conditioners RM	Total RM
At cost						
Balance as at 1 January 2012	5,738	5,520	0	0	0	11,258
Additions	179,480	311,108	998,200	120,946	10,518	1,620,252
Disposals	(2,432)	(1,712)	0	0	0	(4,144)
Written off	(3,000)	0	0	0	0	(3,000)
Balance as at 31 December 2012	179,786	314,916	998,200	120,946	10,518	1,624,366
Accumulated depreciation						
Balance as at 1 January 2012	1,148	1,104	0	0	0	2,252
Current charge	40,083	68,792	259,319	13,438	1,753	383,385
Disposals	(608)	(36)	0	0	0	(644)
Written off	(417)	0	0	0	0	(417)
Balance as at 31 December 2012	40,206	69,860	259,319	13,438	1,753	384,576
Carrying amount						
Balance as at 31 December 2012	139,580	245,056	738,881	107,508	8,765	1,239,790

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Purchase of property, plant and equipment	327,237	1,890,048	289,881	1,620,252
Financed by hire purchase	0	(540,000)	0	(540,000)
Cash payments on purchase of property, plant and equipment	327,237	1,350,048	289,881	1,080,252

(b) As of 31 December 2013, the carrying amount of the property, plant and equipment of the Group and of the Company under hire purchase are as follows:

	Group and Company	
	2013 RM	2012 RM
Motor vehicles	389,858	519,811

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 23 and 45 to the financial statements.

8. INVESTMENT PROPERTIES

	Group	
	2013 RM	2012 RM
Fair value		
Buildings		
Balance as at 1 January	7,225,034	9,085,000
Additions	210,000	238,000
Transfer to property, plant and equipment (Note 7)	0	(2,212,966)
Gain from fair value adjustments	745,522	115,000
Balance as at 31 December	8,180,556	7,225,034

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

8. INVESTMENT PROPERTIES (CONTINUED)

	Group	
	2013	2012
	RM	RM
At cost		
Construction-in-progress		
Balance as at 1 January	51,418,828	0
Additions	3,496,463	48,464,160
Transfer from property development costs (Note 16)	1,089,326	0
Transfer from land held for property development (Note 9)	0	2,954,668
Balance as at 31 December	56,004,617	51,418,828
Total investment properties	64,185,173	58,643,862

(a) The investment properties under contruction of RM56,004,617 (2012: RM51,418,828) are stated at cost as the fair values of these properties could not be reliably determined as at the end of the reporting period.

(b) As at 31 December 2013, investment properties with a carrying amount of RM62,885,847 (2012: RM51,418,828) have been charged to bank for credit facilities granted to the Group (Note 22).

(c) Direct operating expenses arising from investment properties generating rental income during the year as follows:

	Group	
	2013	2012
	RM	RM
Insurance	6,777	3,295
Quit rent and assessment	14,832	16,449
Repair and maintenance	45,118	52,754

(d) The fair values of investment properties of the Group are categories as follows:

	Level 2
	RM
2013	
Buildings	8,180,556
2012	
Buildings	7,225,034

Investment properties at Level 2 fair value were determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the investment property portfolio of the Group every year. The fair value measurement of the investment properties are based on the 'comparison method'. It has been derived from observable recent transacted prices of similar buildings in the local market.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2013	2012
	RM	RM
Balance as at 1 January		
- Freehold land, at cost	63,264,110	80,803,216
- Development costs	4,971,142	4,970,412
	68,235,252	85,773,628
Add: Cost incurred during the financial year		
- Freehold land, at cost	3,040,483	6,397,500
- Development costs	6,556,274	5,780,837
	9,596,757	12,178,337
Add: Transfer from property, plant and equipment (Note 7)		
- Development costs	0	1,301,987
Less: Transfer to investment properties (Note 8)		
- Development costs	0	(2,954,668)
Less: Transfers from/(to) property development costs (Note 16)		
- Freehold land, at cost	737,998	(22,869,278)
- Development costs	(34,077)	(3,589,446)
	703,921	(26,458,724)
Less: Disposals during the financial year		
- Freehold land, at cost	0	(1,067,328)
- Development costs	0	(537,980)
	0	(1,605,308)
Balance as at 31 December		
- Freehold land, at cost	67,042,591	63,264,110
- Development costs	11,493,339	4,971,142
	78,535,930	68,235,252

The freehold land held for property development with carrying amount of RM65,627,811 (2012: RM56,319,863) have been charged to banks for credit facilities granted to subsidiaries (Note 22).

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	RM	RM
At cost		
Unquoted ordinary shares	169,503,719	81,309,501
Redeemable preference shares	92,000,000	18,760,000
Less: Impairment losses	(14,863,486)	(14,863,486)
	246,640,233	85,206,015

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2013	2012	Principal activities
Cenderaman Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Denmas Sdn. Bhd.	Malaysia	100%	100%	Project and construction management
Denmas Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Epiland Properties Sdn. Bhd.	Malaysia	100%	100%	Property management
Hong Hong Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Intanasia Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Jasnia Sdn. Bhd.	Malaysia	100%	100%	Property development
Juru Heights Sdn. Bhd.	Malaysia	100%	100%	Property development
Langstone Sdn. Bhd.	Malaysia	100%	100%	Investment holding and operation of car park
Novinia Sdn. Bhd.	Malaysia	100%	0%	Dormant
Palmington Sdn. Bhd.	Malaysia	100%	60%	Property development
Perquest Sdn. Bhd.	Malaysia	100%	100%	Property development
Premcourt Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Pridaman Sdn. Bhd.	Malaysia	100%	100%	Property development
Tokoh Edaran Sdn. Bhd.	Malaysia	100%	100%	Construction management
Tambun Indah Sdn. Bhd.	Malaysia	100%	100%	Property development
Tambun Indah Development Sdn. Bhd.	Malaysia	100%	70%	Property development
TID Development Sdn. Bhd.	Malaysia	100%	100%	Property development
TKS Land Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Zipac Development Sdn. Bhd.	Malaysia	50%	50%	Property development
Held through TKS Land Sdn. Bhd.:				
Ascention Sdn. Bhd.	Malaysia	50%	50%	Property development
CBD Land Sdn. Bhd.	Malaysia	50%	50%	Property development

All subsidiaries above are audited by BDO, Malaysia.

(b) In the previous financial year, impairment losses on investments in subsidiaries of RM14,863,486 in respect of Juru Heights Sdn. Bhd., Perquest Sdn. Bhd. and Tokoh Edaran Sdn. Bhd., had been recognised due to declining business operations. The recoverable amounts were determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a three (3)-year period. The discount rate applied to the cash flow projections was 9.50% based on the weighted average cost of capital of the Company.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The Group considers that it controls Zipac Development Sdn. Bhd., Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. even though it owns fifty percent (50%) of the voting rights. This is because the Group is the single largest shareholder of Zipac Development Sdn. Bhd., Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. with a fifty percent (50%) equity interests. The remaining fifty percent (50%) of the equity shares in Zipac Development Sdn. Bhd., Ascention Sdn. Bhd. and CBD Land Sdn. Bhd. are held by few shareholders, (as recorded in the shareholders' register of Zipac Development Sdn. Bhd. from 11 November 2010 to 31 December 2013, CBD Land Sdn. Bhd. from 10 May 2010 to 31 December 2013, and Ascention Sdn. Bhd. from 29 December 2011 to 31 December 2013). Since 11 November 2010, 10 May 2010 and 29 December 2011, which were the dates of acquisitions of Zipac Development Sdn. Bhd., Ascention Sdn. Bhd. and CBD Land Sdn. Bhd., there is no history of the other few shareholders collaborating to exercise their votes collectively or to outvote the Group.

(d) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	Zipac Development Sdn. Bhd.	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Palmington Sdn. Bhd.	Tambun Indah Development Sdn. Bhd.	Total
2013						
NCI percentage of ownership interest and voting interest	50%	50%	50%	40%	30%	
Carrying amount of NCI (RM)	588,384	195,919	2,730,957	0 ^	0 ^	3,515,260
Profit/(loss) allocated to NCI (RM)	142,046	(798)	802,520	15,103,876	6,722,716	22,770,360
2012						
NCI percentage of ownership interest and voting interest	50%	50%	50%	40%	30%	
Carrying amount of NCI (RM)	896,338	196,717	5,428,436	11,086,625	21,093,783	38,701,899
Profit allocated to NCI (RM)	138,546	2,881	2,061,195	8,426,126	5,607,488	16,236,236

^ Acquisition of non-controlling interests during the financial year as disclosed in Note 10 (g) to the financial statements.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Zipac Development Sdn. Bhd.	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Palmington Sdn. Bhd.	Tambun Indah Development Sdn. Bhd.
2013					
Assets and liabilities					
Current assets	1,485,139	4,920,901	6,341,331	0 ^	0 ^
Current liabilities	(308,371)	(4,529,063)	(879,417)	0 ^	0 ^
Net assets	1,176,768	391,838	5,461,914	0 ^	0 ^
Results					
Revenue	1,083,030	0	4,261,851	125,654,178	93,987,680
Profit/(loss) for the financial year	284,092	(1,597)	1,605,040	37,759,692	22,409,054
Total comprehensive income/(loss)	284,092	(1,597)	1,605,040	37,759,692	22,409,054
Cash flows (used in)/from operating activities	(322,387)	346,003	(2,420,425)	0 ^	0 ^
Cash flows from investing activities	44,694	0	3,917	0 ^	0 ^
Cash flows used in financing activities	(900,000)	0	(7,000,000)	0 ^	0 ^
Net (decrease)/increase in cash and cash equivalents	(1,177,693)	346,003	(9,416,508)	0 ^	0 ^
Dividend paid to NCI	(450,000)	0	(3,500,000)	(16,000,000)	0

^ Acquisition of non-controlling interests during the financial year as disclosed in Note 10 (g) to the financial statements.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (Continued):

	Zipac Development Sdn. Bhd.	Ascention Sdn. Bhd.	CBD Land Sdn. Bhd.	Palmington Sdn. Bhd.	Tambun Indah Development Sdn. Bhd.
2012					
Assets and liabilities					
Non-current assets	45,000	0	238,783	97,664,929	22,992,118
Current assets	3,000,675	3,887,350	19,853,027	71,947,871	82,191,639
Non-current liabilities	0	0	0	(51,533,651)	(25,862,000)
Current liabilities	(1,253,000)	(3,493,917)	(9,234,938)	(90,362,588)	(9,009,150)
Net assets	1,792,675	393,433	10,856,872	27,716,561	70,312,607
Results					
Revenue	2,610,888	0	18,257,442	83,947,897	85,999,128
Profit for the financial year	277,093	5,762	4,122,390	21,065,314	18,691,628
Total comprehensive income	277,093	5,762	4,122,390	21,065,314	18,691,628
Cash flows from operating activities	4,140,268	563,545	10,668,843	49,724,476	33,776,764
Cash flows used in investing activities	(1,395)	0	(21,316)	(53,637,958)	(98,333)
Cash flows (used in)/from financing activities	(6,800,000)	0	0	13,305,974	(21,241,392)
Net (decrease)/increase in cash and cash equivalents	(2,661,127)	563,545	10,647,527	9,392,492	12,437,039
Dividend paid to NCI	(1,200,000)	0	0	0	(1,500,000)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(f) Acquisitions of subsidiaries

On 12 December 2013, the Company acquired the entire issued and paid up share capital of Novinia Sdn. Bhd. ('Novinia'), a company incorporated in Malaysia, for a total cash consideration of RM2.

(i) The fair values of the identified assets and liabilities of Novinia as at the acquisition are as follows:

	2013 RM
Current asset	
Cash balance	2
Non-current liabilities	
Trade and other payables	(3,430)
Fair values of net liabilities	(3,428)
Goodwill arose from acquisition (Note 13)	3,430
Total consideration	2

Goodwill arose from acquisition of RM3,430 was fully impaired and written off during the financial year.

(ii) The consideration transferred for the acquisition of Novinia is as follows:

	2013 RM
Cash paid/Total consideration	2

(iii) The effects of the acquisition of Novinia on cash flows of the Group are as follows:

	2013 RM
Cash paid	2
Less: Cash and cash equivalents of subsidiaries acquired	(2)
Cash outflow of the Group on acquisition	0

The acquisition of Novinia did not have any material financial effect to the Group.

(g) Acquisition of non-controlling interests

On 26 November 2013, the Group acquired the remaining 40% equity interest in Palmington Sdn. Bhd. and 30% equity interest in Tambun Indah Development Sdn. Bhd. for a consideration of RM88,194,216 satisfied by cash RM16,694,216 and by the issuance of 55,000,000 new ordinary shares at an issue price of RM1.30 per ordinary share. The carrying amount of net assets of Palmington Sdn. Bhd. and Tambun Indah Development Sdn. Bhd.'s in the Group's financial statements on the date of acquisition were RM25,476,254 and RM65,921,660 respectively. The Group adjusted the differences arose from the increase in stake with a reduction in retained earnings of RM58,227,217 and non-controlling interest of RM29,966,999.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(h) Redemption of RPS

During the financial year, the Company redeemed RPS amounting to RM18,760,000 (2012: RM13,090,497) in respect of Tambun Indah Development Sdn. Bhd..

(i) Acquisition of RPS

During the financial year, the Company acquired RPS amounting to RM92,000,000 (2012: Nil) in respect of Palmington Sdn. Bhd..

11. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At cost				
Unquoted ordinary shares	831,079	831,079	831,079	831,079
Redeemable preference shares*	3,740,000	3,740,000	3,740,000	3,740,000
Share of post acquisition reserves, net of dividends received	2,515,655	471,488	0	0
	7,086,734	5,042,567	4,571,079	4,571,079

*The Group and the Company have 93.5% in the Redeemable Preference Shares.

(a) The details of the associate are as follows:

Name of company	Country of incorporation	Effective interest in equity 2013	2012	Principal activity
Ikhtiar Bitara Sdn. Bhd. #	Malaysia	45%	45%	Property development

Associate not audited by BDO, Malaysia

The associate is accounted for using the equity method in the consolidated financial statements.

The financial statements of the above associate has a financial year end of 31 October. In applying the equity method of accounting, the audited financial statements of Ikhtiar Bitara Sdn. Bhd. for the financial year ended 31 October 2013 have been used and appropriate adjustments have been made for the effects of transactions between 31 October 2013 to 31 December 2013.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

11. INVESTMENT IN AN ASSOCIATE (CONTINUED)

(b) The summarised financial information of the associate are as follows:

	2013	2012
Assets and liabilities	**RM**	**RM**
Current assets	18,180,645	8,582,062
Non-current assets	0	137,751
Current liabilities	(6,574,467)	(2,949,326)
Non-current liabilities	(770,000)	(239,000)
Net assets	10,836,178	5,531,487
Results		
Revenue	20,645,526	7,759,008
Profit for the financial year	5,584,691	1,641,888
Total comprehensive income	5,584,691	1,641,888
Cash flows from/(used in) operating activities	2,940,669	(788,607)
Cash flows (used in)/from financing activities	(323,280)	2,744,066
Net increase in cash and cash equivalents	2,617,389	1,955,459

(c) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate are as follows:

	2013	2012
As at 31 December 2013	**RM**	**RM**
Share of net assets of the Group	6,356,281	4,312,114
Goodwill	730,453	730,453
Carrying amount in the statement of financial position	7,086,734	5,042,567
Share of results of the Group for the financial year ended 31 December 2013		
Share of profit of the Group	2,305,967	743,631
Share of other comprehensive income of the Group	0	0
Share of total comprehensive income of the Group	2,305,967	743,631
Other information		
Dividend received	261,800	237,006

12. INVESTMENT IN A JOINT VENTURE [YEAR 2013 ONLY]

	Group
	RM
Unquoted equity shares, at cost	1
Share of post acquisition reserves, net of dividend received	(1)
	0

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

12. INVESTMENT IN A JOINT VENTURE [YEAR 2013 ONLY] (CONTINUED)

(a) The details of the joint venture are as follows:

Name of company	Country of incorporation	Effective interest in equity 2013	Principal activity
TNC Capital Sdn. Bhd.	Malaysia	50%	Dormant

(b) TNC Capital Sdn. Bhd., the only joint venture in which the Group participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with TNC Capital Sdn. Bhd.. This joint arrangement has been classified as a joint venture and has been included in the consolidated financial statements using the equity method.

(c) The summarised financial information of the joint venture, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

Assets and liabilities	**RM**
Current assets	1,392,979
Current liabilities	(1,401,000)
Net liabilities	(8,021)
Proportion of the ownership of the Group	50%
Carrying amount of the investment in joint venture	0
Results	
Other income	231
Administrative expenses	(8,254)
Loss for the financial year	(8,023)
Share of loss by the Group for the financial year	(1)

(d) The unrecognised share of losses of a joint venture, TNC Capital Sdn. Bhd. amounted to RM4,011 in the current financial year. The Group has ceased recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

(e) The joint venture had capital commitments to purchase a piece of land which amounted to RM11,583,000 as at 31 December 2013. TNC Capital Sdn. Bhd. cannot distribute its profits until it obtains the consent from the two venture partners.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

13. GOODWILL ON CONSOLIDATION

	Group	
	2013 RM	2012 RM
Cost		
Balance as at 1 January	0	1,766,236
Acquisitions of subsidiaries (Note 10)	3,430	0
	3,430	1,766,236
Impairment on goodwill on consolidation	(3,430)	(1,766,236)
Balance as at 31 December	0	0

An impairment loss on goodwill amounting to RM3,430 relating to a subsidiary, Novinia Sdn. Bhd., has been recognised during the financial year due to subsidiary was making losses in the current financial year.

In the previous financial year, an impairment loss on goodwill of RM1,766,236 relating to a subsidiary, Premcourt Development Sdn. Bhd., was recognised during the financial year due to subsidiary was making losses.

14. DEFERRED TAX

(a) The deferred tax (assets) and liabilities are made up of the following:

	Group	
	2013 RM	2012 RM
Balance as at 1 January	541,350	2,253,350
Recognised in profit or loss (Note 35):		
- property, plant and equipment	(750)	0
- property development costs	(3,872,000)	(1,712,000)
- overprovision in prior year	(129,600)	0
Balance as at 31 December	(3,461,000)	541,350
Presented after appropriate offsetting:		
Deferred tax assets, net	(3,957,000)	(1,224,000)
Deferred tax liabilities, net	496,000	1,765,350
	(3,461,000)	541,350

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group	2013 RM	2012 RM
Balance as at 1 January		
- property, plant and equipment	2,350	2,350
- property development costs	1,763,000	2,891,000
	1,765,350	2,893,350
Recognised in profit or loss (Note 35):		
- property, plant and equipment	(750)	0
- property development costs	(1,268,000)	(1,128,000)
- overprovision in prior year	(600)	0
Balance as at 31 December	496,000	1,765,350

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

14. DEFERRED TAX (CONTINUED)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (Continued):

The deferred tax liabilities of the Group at the end of financial year are analysed as follow:-

	2013 RM	2012 RM
Property, plant and equipment	1,000	2,350
Property development costs	495,000	1,763,000
	496,000	1,765,350

Deferred tax assets of the Group	2013 RM	2012 RM
Balance as at 1 January		
- property development costs	1,224,000	640,000
Recognised in profit or loss (Note 35):		
- property development costs	2,604,000	584,000
- underprovision in prior year	129,000	0
Balance as at 31 December		
- property development costs	3,957,000	1,224,000

(c) The amount of temporary differences for which no deferred tax asset has been recognised in the statement of the financial position are as follows:

	Group	
	2013 RM	2012 RM
Property, plant and equipment	115,200	242,800
Property development costs	3,509,600	277,600
Unused tax losses	1,021,200	1,281,200
	4,646,000	1,801,600

Deferred tax assets of certain subsidiaries had not been recognised in respect of these items as it was not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

15. INVENTORIES

	Group	
	2013 RM	2012 RM
At cost		
Completed properties held for sale	339,858	252,880

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

16. PROPERTY DEVELOPMENT COSTS

	Freehold land, at cost RM	Development costs RM	Total RM
Group			
Cumulative property development costs			
Balance as at 1 January 2013	120,656,500	259,616,560	380,273,060
Incurred during the financial year	0	211,745,456	211,745,456
Transfer to land held for property development (Note 9)	(737,998)	34,077	(703,921)
Transferred to investment properties (Note 8)	0	(1,089,326)	(1,089,326)
Transferred to inventories (Note 15)	(49,478)	(290,380)	(339,858)
Cost eliminated due to completion of projects	(7,509,211)	(41,269,466)	(48,778,677)
Balance as at 31 December 2013	112,359,813	428,746,921	541,106,734
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2013	(32,543,962)	(208,771,775)	(241,315,737)
Recognised during the financial year	(27,872,134)	(195,556,181)	(223,428,315)
Cost eliminated due to completion of projects	7,509,211	41,269,466	48,778,677
Balance as at 31 December 2013	(52,906,885)	(363,058,490)	(415,965,375)
Property development costs as at 31 December 2013	59,452,928	65,688,431	125,141,359
Cumulative property development costs			
Balance as at 1 January 2012	102,697,055	167,419,277	270,116,332
Incurred during the financial year	11,535,839	171,696,487	183,232,326
Transfer from land held for property development (Note 9)	22,869,278	3,589,446	26,458,724
Transferred to inventories (Note 15)	(41,782)	(211,098)	(252,880)
Cost eliminated due to completion of projects	(16,403,890)	(82,877,552)	(99,281,442)
Balance as at 31 December 2012	120,656,500	259,616,560	380,273,060
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 January 2012	(24,809,356)	(131,997,231)	(156,806,587)
Recognised during the financial year	(24,138,496)	(159,652,096)	(183,790,592)
Cost eliminated due to completion of projects	16,403,890	82,877,552	99,281,442
Balance as at 31 December 2012	(32,543,962)	(208,771,775)	(241,315,737)
Property development costs as at 31 December 2012	88,112,538	50,844,785	138,957,323

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

16. PROPERTY DEVELOPMENT COSTS (CONTINUED)

Included in the property development costs are the following charges incurred during the financial year:

	2013 RM	2012 RM
Directors of the subsidiaries		
Executive Directors		
Directors' remuneration (Note 34)		
- other emoluments	34,414	79,924
Interest on:		
- bank overdraft	1,836	6,577
- Interest on bridging loans	409,551	0
- Interest on differential sum	75,389	0
- Interest on term loans	1,299,780	1,207,043

Interest capitalised in property development costs at rates ranging from 4.20% to 7.60% (2012: 4.20% to 6.35%) per annum.

Freehold land held under development with carrying amount of RM74,353,277 (2012: RM69,762,822) has been charged to banks for for credit facilities granted to subsidiaries (Note 22).

Included in Directors' remuneration and staff costs of the Group are contributions to a defined contribution plan of RM3,900 and RM Nil (2012: RM9,126 and RM Nil) respectively.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables				
Third parties	47,183,302	27,151,328	0	0
Retention sums	22,316,092	9,691,225	0	0
Accrued billings in respect of property development costs	6,923,055	28,136,893	0	0
Amounts due from customers for contract work	0	27,845	0	0
Amounts due from subsidiaries	0	0	0	2,172,952
	76,422,449	65,007,291	0	2,172,952
Other receivables				
Non-trade receivables	496,630	121,967	122,630	40,295
Amount due from an associate	1,046,227	784,427	1,046,227	784,427
Amount due from a joint venture	700,000	0	0	0
Amounts due from subsidiaries	0	0	35,284,321	55,805,207
	2,242,857	906,394	36,453,178	56,629,929
Loan and receivables	78,665,306	65,913,685	36,453,178	58,802,881
Deposits and prepayments				
Deposits	7,761,194	4,648,605	67,030	5,440
Prepayments	181,026	14,128	9,689	12,350
	7,942,220	4,662,733	76,719	17,790
	86,607,526	70,576,418	36,529,897	58,820,671

All trade and other receivables are denominated in RM.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company are generally on 30 days term (2012: 30 days). They are recognised at their original billing amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Neither past due nor impaired	36,099,962	43,117,899	0	2,172,952
1 to 30 days past due not impaired	35,410,045	16,933,952	0	0
31 to 60 days past due not impaired	4,065,342	2,928,370	0	0
61 to 90 days past due not impaired	811,900	1,555,700	0	0
More than 91 days past due not impaired	35,200	471,370	0	0
	76,422,449	65,007,291	0	2,172,952

Receivables that are neither past due nor impaired

Trade receivables are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

The Group has trade receivables of RM40,322,487 (2012: RM21,889,392) that are past due at the reporting date but not impaired. These relate to customers for whom there are no recent historical of default, purchasers with end financing from reputable financial institutions. There is no objective evidence that the receivables are not fully recoverable.

(b) The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2013 RM	2012 RM
Within one (1) year	13,885,088	4,237,142
Within two (2) years	8,431,004	5,454,083
	22,316,092	9,691,225

(c) Amounts due (to)/from customers for contract work

The amounts due (to)/from customers for contract work are represented by:

	Group	
	2013 RM	2012 RM
Construction contract costs	19,117,291	6,106,955
Attributable profits	640,056	217,877
	19,757,347	6,324,832
Progress billings	(19,858,737)	(6,296,987)
	(101,390)	27,845

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and payable upon demand in cash and cash equivalents.

Included in amounts due from subsidiaries is an amount of RM26,284,321 (2012: RM26,456,531) which is non-trade in nature, bears interest at 4% (2012: 4%) per annum. The remaining amounts due from subsidiaries are interest free.

(e) Amount due from an associate

The amount due from an associate is unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

(f) Amount due from a joint venture

The amount due from a joint venture is unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

(g) Information on financial risk of trade and other receivables is disclosed in Note 45 to the financial statements.

18. SHORT TERM FUNDS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Fixed income trust funds in Malaysia (Note 19)	14,546,177	14,113,760	13,532,142	14,113,760

(a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

(b) Short term funds of the Group and of the Company are investments in money market fund on highly liquid principal guaranteed investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.

(c) Short term funds are denominated in RM.

(d) Information on financial risks of short term funds is disclosed in Note 45 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances	89,182,609	68,434,816	11,220,656	4,304,301
Deposits placed with licensed banks	22,210,417	13,423,846	7,648,801	3,485,104
	111,393,026	81,858,662	18,869,457	7,789,405

All cash and cash equivalents are denominated in RM.

(a) Included in the Group's cash and bank balances is an amount of RM34,016,668 (2012: RM49,059,799) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002.

(b) Information on financial risk of cash and cash equivalents is disclosed in Note 45 to the financial statements.

(c) Included in the deposits placed with licensed banks is an amount of RM12,140,283 and RM7,633,237 (2012: RM6,498,348 and RM Nil) pledged as securities for bank guarantees granted to the Group and the Company respectively.

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term funds placed with a financial institution (Note 18)	14,546,177	14,113,760	13,532,142	14,113,760
Cash and bank balances	89,182,609	68,434,816	11,220,656	4,304,301
Deposits placed with licensed banks	22,210,417	13,423,846	7,648,801	3,485,104
	125,939,203	95,972,422	32,401,599	21,903,165
Less:				
Deposit pledged with licensed banks	(12,140,283)	(6,498,348)	(7,633,237)	0
	113,798,920	89,474,074	24,768,362	21,903,165

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

20. SHARE CAPITAL

	Group and Company			
	2013	2012	2013	2012
	No. of shares	No. of shares	RM	RM
Authorised				
Ordinary shares of RM0.50 each	500,000,000	500,000,000	250,000,000	250,000,000
Issued and paid-up				
Ordinary shares of RM0.50 each				
Balance as at 1 January	310,843,000	221,000,000	155,421,500	110,500,000
Issued for cash pursuant to:				
- Rights issue	0	88,400,000	0	44,200,000
- ESOS	4,399,000	1,443,000	2,199,500	721,500
- Warrants	8,983,781	0	4,491,890	0
- Placement	15,000,000	0	7,500,000	0
- acquisition of additional equity interests in subsidiaries	55,000,000	0	27,500,000	0
Balance as at 31 December	394,225,781	310,843,000	197,112,890	155,421,500

(a) During the financial year, the issued and paid-up share capital of the Company was increased from RM155,421,500 to RM197,112,890 by way of:

(i) Issuance of 4,399,000 new ordinary shares of RM0.50 each pursuant to exercise of ESOS at the following option prices:

Exercise price	(RM)	0.50	0.54	0.65	0.85
No. of shares issued	('000)	3,654,000	20,000	263,000	462,000

(ii) Issuance of 8,983,781 new ordinary shares of RM0.50 each pursuant to the exercise of warrants at RM0.60 per ordinary share.

(iii) Issuance of 15,000,000 new ordinary shares of RM0.50 each pursuant to placement at an issue price of RM1.32 per ordinary share.

(iv) Issuance of 55,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.30 per ordinary share pursuant to the acquisition of the remaining 40% and 30% equity interests in Palmington Sdn. Bhd. and Tambun Indah Development Sdn. Bhd..

(b) In the previous financial year, the issued and paid-up share capital of the Company was increased from RM110,500,000 to RM155,421,500 by way of:

(i) right issue of 88,400,000 new ordinary shares of RM0.50 each at par for cash together with 44,200,000 new free detachable warrants on the basis of two (2) rights shares and one (1) free warrant for every five (5) existing ordinary shares for working capital purposes; and

(ii) issuance of 1,443,000 new ordinary shares of RM0.50 each for cash pursuant to exercise of Employees' Share Options Scheme.

(c) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

21. RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable:				
Share premium	63,920,550	6,525,240	63,920,550	6,525,240
Share options reserve	214,708	49,480	214,708	49,480
Capital reserve	467,579	199,579	0	0
Warrants reserve	704,324	884,000	704,324	884,000
	65,307,161	7,658,299	64,839,582	7,458,720
Distributable:				
Retained earnings	47,646,483	60,134,636	40,294,543	1,483,327
	112,953,644	67,792,935	105,134,125	8,942,047

(a) Share premium

The share premium of the Group and the Company represents premium arising from the issuance of ordinary shares of the Company at issue price above par value.

(b) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

(c) Capital reserve

The capital reserve arose from subsidiaries' redemption of Redeemable Preference Shares pursuant to the requirements of Section 61 of the Companies Act, 1965 in Malaysia.

(d) Warrants reserve

The Warrants of 44,200,000 issued pursuant to the Rights Issue exercise of the Company were constituted by a Deed Poll dated 27 April 2012 ('Deed Poll'). The Warrants were listed on Main Market of Bursa Malaysia Securities Berhad on 4 June 2012. The main features of the Warrants are as follows:

(i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.

(ii) The exercise price of each Warrant has been fixed at RM0.60, subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.

(iii) The expiry date of Warrants shall be the day falling on the fifth (5th) year of the date of issue of the Warrants, whereupon any warrant, which has not been exercised will lapse and cease thereafter to be valid for any purpose.

(iv) The ordinary shares of RM0.50 each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respect with the existing issued ordinary share of the Company.

As at the end of the financial year, 35,216,219 (2012: 44,200,000) warrants remained unexercised.

(e) Retained earnings

The Company does not have any Section 108 tax credits and moved to the single tier dividend system in the previous financial years.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

22. BORROWINGS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current liabilities				
Secured				
Hire purchase creditors (Note 23)	105,796	100,609	105,796	100,609
Bridging loan (Note 24)	3,039,374	1,713,974	0	0
Revolving credit (Note 25)	10,000,000	0	10,000,000	0
Term loans (Note 26)	11,700,000	4,893,032	0	0
	24,845,170	6,707,615	10,105,796	100,609
Non-Current liabilities				
Secured				
Hire purchase creditors (Note 23)	278,306	384,102	278,306	384,102
Bridging loan (Note 24)	3,912,593	1,690,861	0	0
Term loans (Note 26)	69,132,475	75,042,790	0	0
	73,323,374	77,117,753	278,306	384,102
Total borrowings				
Hire purchase creditors (Note 23)	384,102	484,711	384,102	484,711
Bridging loan (Note 24)	6,951,967	3,404,835	0	0
Revolving credit (Note 25)	10,000,000	0	10,000,000	0
Term loans (Note 26)	80,832,475	79,935,822	0	0
	98,168,544	83,825,368	10,384,102	484,711

All borrowings are denominated in RM.

23. HIRE PURCHASE CREDITORS

	Group and Company	
	2013 RM	2012 RM
Minimum hire purchase payments:		
- not later than one (1) year	121,212	121,212
- later than one (1) year but not later than five (5) years	294,471	415,683
Total minimum hire purchase payments	415,683	536,895
Less: future interest charges	(31,581)	(52,184)
Present value of hire purchase payments	384,102	484,711
Repayable as follows:		
Current liabilities		
- not later than one (1) year	105,796	100,609
Non-current liabilities		
- later than one (1) year but not later than five (5) years	278,306	384,102
	384,102	484,711

Information on financial risks of borrowings is disclosed in Note 45 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

24. BRIDGING LOAN

The bridging loan is secured by:

(a) Legal charge over the Group's investment properties and development land as disclosed in Note 8, Note 9 and 16 to the financial statements; and

(b) Corporate guarantee by the Company.

Information on financial risks of borrowings is disclosed in Note 45 to the financial statements.

25. REVOLVING CREDIT

The revolving credit is secured by:

(a) Legal charge over the Group's investment properties and development land as disclosed in Note 8 and Note 9 to the financial statements; and

(b) Deposits placed with licensed banks as disclosed in Note 19 to the financial statements.

Information on financial risks of borrowings is disclosed in Note 45 to the financial statements.

26. TERM LOANS

The term loans are secured by:

(a) Legal charge over the Group's investment properties and development land as disclosed in Note 8, Note 9 and 16 to the financial statements; and

(b) Corporate guarantee by a corporate shareholder and the Company.

Information on financial risks of borrowings is disclosed in Note 45 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables				
Third parties	25,998,153	25,904,530	0	0
Amount due to customers for contract work	101,390	0	0	0
Progress billings in respect of property development	29,316,894	9,861,737	0	0
	55,416,437	35,766,267	0	0
Other payables				
Other payables	2,864,912	44,048,304	5,401	8,378
Accruals	12,397,713	6,542,122	299,010	109,050
Dividend payable	7,890,064	6,228,800	7,890,064	6,228,800
Deposits received	2,490,000	448,747	0	0
	25,642,689	57,267,973	8,194,475	6,346,228
	81,059,126	93,034,240	8,194,475	6,346,228

All trade and other payables are denominated in RM.

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 days (2012: 30 days). Included in trade payables of the Group is retention sum on contracts amounting to RM25,269,613 (2012: RM16,345,230).

(b) Included in other payables is an amount of RM Nil (2012: RM21,499,180), which was in respect of to the acquisition of land from a third party. During the financial year, the Group made full repayment of this amount.

(c) Information on financial risks of trade and other payables is disclosed in Note 45 to the financial statements.

28. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Property development	362,980,802	288,583,601	0	0
Contract revenue	12,785,994	7,518,664	0	0
Project management fees	0	0	10,285,179	8,445,847
Rental income from investment properties	484,800	484,800	0	0
Operation of car park	115,443	120,474	0	0
Property management fees	22,102	0	0	0
Dividend income	0	0	55,501,900	29,645,271
	376,389,141	296,707,539	65,787,079	38,091,118

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

29. COST OF SALES

	Group	
	2013	2012
	RM	RM
Property development	227,327,589	187,161,780
Contract works	12,366,665	6,269,845
	239,694,254	193,431,625

30. INTEREST INCOME

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest income from:				
Financial institution	2,317,893	1,225,926	741,139	491,664
Loans and receivables				
- subsidiaries	0	0	926,584	620,414
- third parties	271,254	143,221	0	0
	2,589,147	1,369,147	1,667,723	1,112,078

31. OTHER INCOME

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Administrative charges	27,475	28,930	0	0
Deposits forfeited	131,600	120,860	0	0
Fair value adjustments on investment properties	745,522	115,000	0	0
Gain on disposal of property, plant and equipment	78,189	20,667	128,189	0
Sundry income	81,142	3,269	0	0
	1,063,928	288,726	128,189	0

32. FINANCE COSTS

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest expenses on:				
- revolving credit	134,381	0	0	0
- term loans	2,690,306	1,616,314	0	0
- hire purchase	20,603	13,732	20,603	13,732
- advances from subsidiaries	0	0	0	380,988
- others	0	566,748	0	0
	2,845,290	2,196,794	20,603	394,720

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

33. PROFIT BEFORE TAX

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax is arrived at after charging:				
Auditors' remuneration				
- statutory audits	156,500	147,700	30,000	25,000
- other services	13,500	12,500	13,500	12,500
Depreciation of property, plant and equipment (Note 7)	494,946	472,212	399,709	383,385
Directors' remuneration (Note 34)				
- fee	198,000	175,000	198,000	175,000
- other emoluments	1,956,090	1,704,657	1,956,090	1,704,657
Impairment on goodwill on consolidation (Note 13)	3,430	1,766,236	0	0
Impairment loss on investments in subsidiaries (Note 10)	0	0	0	14,863,486
Loss on disposal of property, plant and equipment	828	1,500	828	1,500
Property, plant and equipment written off (Note 7)	0	2,583	0	2,583
Rental of office	71,000	28,200	238,800	0
Rental of show unit	35,280	35,280	0	0
Rights issue expenses	0	1,177,459	0	1,177,459

34. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors of the Company				
Executive Directors				
Directors' fee	72,000	48,000	72,000	48,000
Salaries and other emoluments	1,239,540	1,116,940	1,239,540	1,116,940
Bonus	462,000	286,500	462,000	286,500
Defined contribution plan	254,550	210,150	254,550	210,150
Share options granted under ESOS	0	68,000	0	68,000
Total Executive Directors' remuneration (exclude benefits-in-kind) (Note 33)	2,028,090	1,729,590	2,028,090	1,729,590
Estimated money value of benefits-in-kind	37,250	36,108	37,250	36,108
Total Executive Directors' remuneration (including benefits-in-kind)	2,065,340	1,765,698	2,065,340	1,765,698
Directors of the Company				
Non-executive Directors				
Directors' fee	126,000	127,000	126,000	127,000
Other emoluments	0	10,000	0	10,000
Share options granted under ESOS	0	13,067	0	13,067
Total Non-Executive Directors' remuneration (Note 33)	126,000	150,067	126,000	150,067

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

34. DIRECTORS' REMUNERATION (CONTINUED)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total Directors' remuneration				
- fee	198,000	175,000	198,000	175,000
- other emoluments	1,956,090	1,704,657	1,956,090	1,704,657
	2,154,090	1,879,657	2,154,090	1,879,657
Directors of the subsidiaries				
Executive Directors				
Salaries and other emoluments	30,514	70,798	0	0
Defined contribution plan	3,900	9,126	0	0
Share options granted under ESOS	0	4,800	0	0
	34,414	84,724	0	0
Less:				
- capitalised in property development costs (Note 16)	(34,414)	(79,924)	0	0
Total Executive Directors' remuneration (excluding benefits-in-kind)	0	4,800	0	0

Movements in share options granted under the ESOS during the financial year were as follows:

	2013 Unit	2012 Unit
Directors of the Company		
Executive Directors		
As at 1 January	3,000,000	0
Granted	0	3,500,000
Exercised	(1,500,000)	(500,000)
As at 31 December	1,500,000	3,000,000
Directors of the Company		
Non-executive Directors		
As at 1 January	1,400,000	0
Granted	0	1,400,000
Exercised	(1,400,000)	0
As at 31 December	0	1,400,000
Directors of the subsidiaries		
Executive Directors		
As at 1 January	0	0
Granted	0	60,000
Exercised	0	(60,000)
As at 31 December	0	0

The terms and conditions of the share options are detailed in Note 39 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

34. DIRECTORS' REMUNERATION (CONTINUED)

The number of Directors of the Group whose total remuneration during the financial year which fell within the following bands is analysed as below:

	Number of directors	
	2013	2012
Executive Directors		
RM250,001 - RM300,000	0	1
RM300,001 - RM350,000	1	0
RM450,001 - RM500,000	0	1
RM550,001 - RM700,000	1	0
RM850,001 - RM900,000	0	1
RM1,100,001 - RM1,150,000	1	0
Non-executive Directors		
RM1 - RM50,000	5	5
Directors of the Subsidiaries		
Executive Director		
RM1 - RM50,000	1	0
RM50,001 - RM100,000	0	1

35. TAX EXPENSE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current tax expense based on profit for the financial year	33,839,100	23,805,775	1,550,000	2,049,300
Under/(Over)provision of tax in prior years	115,840	(156,474)	(161,867)	(29,395)
	33,954,940	23,649,301	1,388,133	2,019,905
Deferred tax (Note 14):				
- relating to origination and reversal of temporary differences	(3,872,750)	(1,712,000)	0	0
- overprovision in prior year	(129,600)	0	0	0
	29,952,590	21,937,301	1,388,133	2,019,905

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

35. TAX EXPENSE (CONTINUED)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	117,708,553	78,985,729	59,177,888	16,399,069
Tax at the applicable tax rate of 25% (2012: 25%)	29,427,100	19,746,400	14,794,500	4,099,800
Tax effects in respect of:				
Non-taxable income	(867,300)	(136,966)	(13,778,100)	(6,326,500)
Non-allowable expenses	720,450	2,172,241	533,600	4,276,000
Different tax rate for the first RM500,000 of chargeable income	(25,000)	0	0	0
Under/(Over)provision of tax in prior years	115,840	(156,474)	(161,867)	(29,395)
Overprovision of deferred tax in prior year	(129,600)	0	0	0
Deferred tax assets not recognised during the financial year	906,900	312,100	0	0
Utilisation of deferred tax assets previously not recognised	(195,800)	0	0	0
Tax expense for the financial year	29,952,590	21,937,301	1,388,133	2,019,905

Tax savings of the Group are as follows:

	Group	
	2013 RM	2012 RM
Arising from utilisation of previous unrecognised tax losses	65,000	0

36. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2013 RM	2012 RM
Profit attributable to equity holders of the parent	64,985,603	40,812,192

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

36. EARNINGS PER ORDINARY SHARE (CONTINUED)

(a) Basic (Continued)

	Group	
	2013	2012
	Unit	Unit
Weighted average number of ordinary shares in issue	310,843,000	221,000,000
Effect of:		
- acquisition of additional equity interests in subsidiaries	5,424,658	0
- placement	6,328,767	0
- rights issue with free warrants	0	51,928,962
- exercise of ESOS	2,200,305	438,962
- exercise of warrants	3,913,922	0
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	328,710,652	273,367,924
Basic earnings per ordinary share (Sen)	19.77	14.93

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2013	2012
	RM	RM
Profit attributable to equity holders of the parent	64,985,603	40,812,192

	Group	
	2013	2012
	Unit	Unit
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	328,710,652	273,367,924
Effects of dilution:		
- ESOS	1,041,553	661,375
- unexercise warrants	17,626,432	1,585,041
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	347,378,637	275,614,340
Diluted earnings per ordinary share (Sen)	18.71	14.81

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

37. DIVIDENDS

	Group/Company			
	2013		2012	
	Gross dividend per share Sen	Amount of dividend net of tax RM	Gross dividend per share Sen	Amount of dividend net of tax RM
Dividends paid:				
In respect of financial year ended 31 December 2012:				
Final single tier dividend	3.3	11,088,475	0	0
In respect of financial year ended 31 December 2013:				
Interim single tier dividend	2.0	7,890,064	0	0
In respect of financial year ended 31 December 2011:				
Final single tier dividend	0	0	3.8	11,796,188
In respect of financial year ended 31 December 2012:				
Interim single tier dividend	0	0	2.0	6,228,800
	5.3	18,978,539	5.8	18,024,988

A final single tier dividend in respect of the financial year ended 31 December 2013 of 4.6 Sen per ordinary share amounting to RM18,134,386 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2014.

38. EMPLOYEE BENEFITS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Wages, salaries and bonuses	5,450,826	4,862,758	4,260,139	3,863,738
Directors' fee	72,000	48,000	72,000	48,000
Contributions to defined contribution plan	815,808	759,521	569,978	487,757
Social security contributions	35,354	32,072	23,865	22,000
Other benefits	1,213,165	1,232,931	266,591	251,651
	7,587,153	6,935,282	5,192,573	4,673,146

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,028,090 (2012: RM1,729,590) and RM2,028,090 (2012: RM1,729,590) respectively.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

39. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS')

The Employees Share Options Scheme ('ESOS') of the Company came into effect on 5 June 2012. The ESOS shall be in force for a period of five (5) years until 5 June 2017 ('the option period'). The main features of the ESOS are as follows:

(a) Directors, and confirmed employees of the Group who have served at least 2 years of continuous services are eligible under the Scheme;

(b) The maximum number of new shares which may be issued and allotted pursuant to the exercise of the Options shall not at any point in time in aggregate exceed 5% of the issued and paid-up capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme;

(c) Not more than 50% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management of the Group;

(d) The allocation to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares), does not exceed 10% of the total number of the new shares to be issued under the Scheme;

(e) The options granted may be exercised any time within the option period from the date of offer;

(f) The option price of a new ordinary share under the ESOS shall be the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad ('Bursa Securities') immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme, or at the par value of the ordinary shares of RM0.50 each, whichever is higher;

(g) The options granted are not entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new Shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subjected to all provisions of the Articles relating to the transfer, transmission and otherwise;

(h) The ESOS Committee at any time and from time to time recommends to the Board any addition or amendment to or deletion of the By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation. Any subsequent modifications or changes to the By-laws do not need the prior approval of the Bursa Securities and/or any other relevant authorities; and

(i) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company within the Group during the option period.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

39. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (CONTINUED)

The details of the options over ordinary shares of the Company are as follows:

	← Number of options over ordinary shares of RM0.50 each →					
	Outstanding as at 1.1.2013	Movements during the financial year			Outstanding as at 31.12.2013	Exercisable as at 31.12.2013
2013		Granted	Exercised	Lapsed		
5 June 2012	5,259,000	0	(3,654,000)	0	1,605,000	1,605,000
31 July 2012	20,000	0	(20,000)	0	0	0
30 November 2012	278,000	0	(263,000)	0	15,000	15,000
2 May 2013	0	964,000	(462,000)	0	502,000	502,000
15 November 2013	0	1,338,000	0	0	1,338,000	298,000
	5,557,000	2,302,000	(4,399,000)	0	3,460,000	2,420,000
Weighted average exercise prices (RM)	0.51	1.09	0.55	0	0.85	0.67
Weighted average remaining contractual life (months)	53					41

	← Number of options over ordinary shares of RM0.50 each →					
	Outstanding as at 1.1.2012	Movements during the financial year			Outstanding as at 31.12.2012	Exercisable as at 31.12.2012
2012		Granted	Exercised	Lapsed		
5 June 2012	0	6,656,000	(1,397,000)	0	5,259,000	5,259,000
30 July 2012	0	66,000	(46,000)	0	20,000	20,000
30 November 2012	0	278,000	0	0	278,000	278,000
	0	7,000,000	(1,443,000)	0	5,557,000	5,557,000
Weighted average exercise prices (RM)	0	0.51	0.50	0	0.51	0.51
Weighted average remaining contractual life (months)	0					53

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

39. EMPLOYEE SHARE OPTIONS SCHEME ('ESOS') (CONTINUED)

The details of share options outstanding at the end of the financial year are as follows:

	Exercise price RM	Exercise period
2013		
5 June 2012	0.50	5.6.2012 - 5.6.2017
30 November 2012	0.65	30.11.2012 - 5.6.2017
2 May 2013	0.85	2.5.2013 - 5.6.2017
15 November 2013	1.27	15.11.2013 - 5.6.2017

Share options exercised during the financial year resulted in the issuance of 4,399,000 (2012: 1,443,000) ordinary shares at an average price of RM0.55 (2012: RM0.50) each. The related weighted average ordinary share price at the date of exercise was RM1.26 (2012: RM0.66).

The fair values of share options granted during the financial year was estimated by using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	Grant dates	
	2 May 2013	15 November 2013
Fair values of share options (RM):	0.14	0.31
Weighted average share price (RM)	0.95	1.40
Weighted average exercise price (RM)	0.85	1.27
Expected volatility (%)	23.81	30.57
Expected life (years)	4.08	3.54
Risk free rate (%)	3.00	3.00
Expected dividend yield (%)	5.60	3.77

	Grant dates		
	5 June 2012	31 July 2012	30 November 2012
Fair values of share options (RM):	0.03	0.07	0.08
Weighted average share price (RM)	0.51	0.60	0.72
Weighted average exercise price (RM)	0.50	0.54	0.65
Expected volatility (%)	19.36	21.28	23.95
Expected life (years)	5.00	4.83	4.50
Risk free rate (%)	3.00	3.00	3.00
Expected dividend yield (%)	7.60	6.32	8.03

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

40. CAPITAL COMMITMENTS

	Group	
	2013	2012
	RM	RM
Approved and contracted for:		
- Purchase of development land	135,640,697	110,958,540

41. CONTINGENT LIABILITIES

	Group/Company	
	2013	2012
	RM	RM
Corporate guarantee given to banks for credit facilities granted to subsidiaries - unsecured	139,893,919	93,249,328

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

The Directors are of the view that the chances of the financial institutes to call upon the corporate guarantee are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

42. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries, associate and joint venture. Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 10 to the financial statements;

(ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;

(iii) Companies in which certain Directors have substantial financial interests; and

(iv) Immediate family member of Directors of the Company and its subsidiaries.

The related parties and their relationships with the Group are as follows:

Name of related parties	Relationship
Siram Permai Sdn. Bhd. Palmsfield Sdn. Bhd.	) Companies in which certain Directors of the Company have) substantial financial interests.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

42. RELATED PARTY DISCLOSURES (CONTINUED)

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Progress claims charged to an associate	13,561,749	6,010,419	0	0
Rental paid to a company of which a Director has interest	106,280	63,480	34,800	0
Sales of development properties to:				
- Directors of the Company and/or family members	4,398,000	4,703,000	0	0
- a company of which Directors have interest	827,000	1,149,130	0	0
- a key management personel of the Company	0	696,570	0	0
Dividend received from:				
- an associate	0	0	261,800	237,006
- subsidiaries	0	0	55,240,100	29,408,265
Project management fees charged to subsidiaries	0	0	10,285,179	8,445,847
Interest charged to subsidiaries	0	0	926,584	620,414
Interest charged by subsidiaries	0	0	0	380,988
Rental charged by a subsidiary	0	0	204,000	0

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

42. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel (Continued)

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term employee benefits	2,128,510	1,954,456	2,128,510	1,959,256
Contributions to defined contribution plan	284,241	249,905	284,241	249,905
Share options granted under ESOS	64,350	85,867	64,350	81,067
	2,477,101	2,290,228	2,477,101	2,290,228

43. OPERATING SEGMENTS

Tambun Indah Land Berhad and its subsidiaries are principally engaged in investment holding, property development, construction and project management.

Tambun Indah Land Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Investment holding - Operation of car park and rental income

(ii) Property development - Development of land into vacant lots, residential, commercial and industrial buildings

(iii) Construction and project management - Construction and project management activities

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring gain/(losses), such as bargain purchase gain and goodwill on consolidation written off.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial year.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

43. OPERATING SEGMENTS (CONTINUED)

(a) Business segments

	Investment holding RM	Property development RM	Construction and project management RM	Group RM
2013				
Revenue:				
Total revenue	59,902,493	363,002,904	24,569,476	447,474,873
Inter-segment revenue	(59,302,250)	0	(11,783,482)	(71,085,732)
Revenue from external customers	600,243	363,002,904	12,785,994	376,389,141
Interest income	806,529	1,708,616	74,002	2,589,147
Finance costs	(4,128)	(2,824,680)	(16,482)	(2,845,290)
Net finance income/(expense)	802,401	(1,116,064)	57,520	(256,143)
Depreciation of property, plant and equipment	(140,959)	(43,524)	(310,463)	(494,946)
Segment profit/(loss) before income tax	439,508	123,673,013	(5,244,883)	118,867,638
Share of profit of an associate	0	2,305,967	0	2,305,967
Share of loss of a joint venture	0	(1)	0	(1)
Tax expense	(381,221)	(28,350,247)	(1,221,122)	(29,952,590)
Other non-cash items:				
- impairment on goodwill on consolidation	(3,430)	0	0	(3,430)
- net gain from fair value adjustments on investment properties	745,522	0	0	745,522
- gain on disposal of property, plant and equipment	15,464	869	61,856	78,189
- loss on disposal of property, plant and equipment	(166)	0	(662)	(828)
Investment in an associate	0	7,086,734	0	7,086,734
Additions to non-current assets other than financial instruments and tax assets	5,541,311	9,637,178	286,816	15,465,305
Segment assets	299,693,353	438,162,583	42,000,964	779,856,900
Segment liabilities	7,999,654	207,751,873	3,908,788	219,660,315

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

43. OPERATING SEGMENTS (CONTINUED)

(a) Business segments (Continued)

	Investment holding RM	Property development RM	Construction and project management RM	Group RM
2012				
Revenue:				
Total revenue	30,532,645	288,583,601	21,625,630	340,741,876
Inter-segment revenue	(29,927,371)	0	(14,106,966)	(44,034,337)
Revenue from external customers	605,274	288,583,601	7,518,664	296,707,539
Interest income	506,077	841,487	21,583	1,369,147
Finance costs	(2,752)	(2,183,056)	(10,986)	(2,196,794)
Net finance income/(expense)	503,325	(1,341,569)	10,597	(827,647)
Depreciation of property, plant and equipment	(76,677)	(29,518)	(366,017)	(472,212)
Segment profit/(loss) before income tax	197,157	85,408,249	(3,379,749)	82,225,657
Share of profit of an associate	0	743,631	0	743,631
Tax expense	(232,688)	(20,522,813)	(1,181,800)	(21,937,301)
Other non-cash items:				
- impairment on goodwill on consolidation	(1,766,236)	0	0	(1,766,236)
- net gain from fair value adjustments on investment properties	115,000	0	0	115,000
- gain on disposal of property, plant and equipment	0	20,667	0	20,667
- loss on disposal of property, plant and equipment	(300)	0	(1,200)	(1,500)
- property, plant and equipment written off	(517)	0	(2,066)	(2,583)
Investment in an associate	0	5,042,567	0	5,042,567
Additions to non-current assets other than financial instruments and tax assets	353,000	64,674,876	812,337	65,840,213
Segment assets	164,227,383	402,858,540	30,248,112	597,334,035
Segment liabilities	7,950,530	229,871,741	3,744,015	241,566,286

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

43. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

Revenue

	2013 RM	2012 RM
Total revenue for reportable segments	447,474,873	340,741,876
Elimination of inter-segmental revenues	(71,085,732)	(44,034,337)
Group's revenue per consolidated statement of profit or loss and other comprehensive income	376,389,141	296,707,539

Profit for the financial year

Total profit for reportable segments	118,867,638	82,225,657
Unallocated amounts:		
- corporate expenses	(1,155,655)	(1,473,692)
Impairment on goodwill on consolidation	(3,430)	(1,766,236)
Profit before tax	117,708,553	78,985,729
Tax expense	(29,952,590)	(21,937,301)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	87,755,963	57,048,428

Assets

	2013 RM	2012 RM
Total assets for reportable segments	779,856,900	597,334,035
Elimination of investments in subsidiaries	(248,223,123)	(91,367,437)
Elimination of inter-segment balances	(40,432,645)	(64,706,678)
	491,201,132	441,259,920
Deferred tax assets	3,957,000	1,224,000
Current tax assets	1,751,266	1,388,547
Group's assets per consolidated statement of financial position	496,909,398	443,872,467

Liabilities

	2013 RM	2012 RM
Total liabilities for reportable segments	219,660,315	241,566,286
Elimination of inter-segment balances	(40,432,645)	(64,706,678)
	179,227,670	176,859,608
Deferred tax liabilities	496,000	1,765,350
Current tax liabilities	3,603,934	3,331,175
Group's liabilities per consolidated statement of financial position	183,327,604	181,956,133

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

43. OPERATING SEGMENTS (CONTINUED)

Geographical segments

The segmental financial information by geographical segments is not presented as the Group's activities are carried out in Malaysia.

There are no single external customers that the revenue generated from exceeded 10% of the Group's revenue.

44. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concern whilst maximising the return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group and the Company remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a capital gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep capital gearing ratio at 50% determined as the proportion of net debt to equity. The Group includes within net debt, loans and borrowings less cash and cash equivalents. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Borrowings	98,168,544	83,825,368	10,384,102	484,711
Less:				
Short term funds (Note 18)	(14,546,177)	(14,113,760)	(13,532,142)	(14,113,760)
Cash and cash equivalents (Note 19)	(111,393,026)	(81,858,662)	(18,869,457)	(7,789,405)
Net debt	(27,770,659)	(12,147,054)	(22,017,497)	(21,418,454)
Total capital	310,066,534	223,214,435	302,247,015	164,363,547
Net debts	(27,770,659)	(12,147,054)	(22,017,497)	(21,418,454)
Equity	282,295,875	211,067,381	280,229,518	142,945,093
Capital gearing ratio	*	*	*	*

* Capital gearing ratio is not presented as the Group and the Company are in net cash position as at 31 December 2013 and 31 December 2012 respectively.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2013.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

44. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Financial assets				
Fair value through profit or loss				
Short term funds*	14,546,177	14,113,760	13,532,142	14,113,760
Loans and receivables				
Trade and other receivables (excluded deposits and prepayments)	78,665,306	65,913,685	36,453,178	58,802,881
Cash and cash equivalents	111,393,026	81,858,662	18,869,457	7,789,405
	190,058,332	147,772,347	55,322,635	66,592,286
Financial liabilities				
Other financial liabilities				
Borrowings	98,168,544	83,825,368	10,384,102	484,711
Trade and other payables	81,059,126	93,034,240	8,194,475	6,346,228
	179,227,670	176,859,608	18,578,577	6,830,939

* Represent fixed income trust funds in Malaysia.

(c) Methods and assumptions used to estimate fair value

(i) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

(ii) Hire-purchase creditors

The fair values of hire-purchase creditors are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

(iii) Short term funds

The fair value of short term funds in Malaysia is determined by reference to the counter parties' quotes at the close of the business at the end of the reporting period.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

44. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (Continued)

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
Group										
As at 31 December 2013										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	0	14,546,177	0	14,546,177	0	0	0	0	14,546,177	14,546,177
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	0	0	0	0	0	375,820	0	375,820	375,820	384,102
Company										
As at 31 December 2013										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	0	13,532,142	0	13,532,142	0	0	0	0	13,532,142	13,532,142
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	0	0	0	0	0	375,820	0	375,820	375,820	384,102

44. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (Continued)

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position (Continued).

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
Group and Company										
As at 31 December 2012										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	0	14,113,760	0	14,113,760	0	0	0	0	14,113,760	14,113,760
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	0	0	0	0	0	475,069	0	475,069	475,069	484,711

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2013 and 31 December 2012.

(e) The Group has established guidelines in respect to the measurement of fair values of financial instruments. The management regularly reviews significant unobservable inputs and valuation adjustments.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

The Group and the Company operate within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and do not trade in derivative financial instruments. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group and the Company financial risk management policies. The Group and the Company are exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk arises primarily from trade receivables. For other financial assets, cash and bank balances, the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, majority of the credit risk has been effectively transferred to the financial institutions as provided for in the sales and purchase agreements. For those sales on cash basis, which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments have been made. This is the normal industry practice currently.

Exposure to credit risk

At the end of the reporting period, the Group and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

As at the end of the reporting period, the Group and the Company have no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17 to the financial statements. Deposits placed with licensed banks and short term investment fund that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due nor impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 to the financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables and borrowings.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group and the Company's activities.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

The table below summarises the maturity profile of the Group and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

As at 31 December 2013	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Trade and other payables	81,059,126	0	81,059,126
Borrowings	28,609,525	77,140,605	105,750,130
Total undiscounted financial liabilities	109,668,651	77,140,605	186,809,256
Company			
Financial liabilities:			
Trade and other payables	8,194,475	0	8,194,475
Borrowings	10,122,500	0	10,122,500
Total undiscounted financial liabilities	18,316,975	0	18,316,975
As at 31 December 2012			
Group			
Financial liabilities:			
Trade and other payables	93,034,240	0	93,034,240
Borrowings	10,366,223	83,251,439	93,617,662
Total undiscounted financial liabilities	103,400,463	83,251,439	186,651,902
Company			
Financial liabilities:			
Trade and other payables	6,346,228	0	6,346,228
Borrowings	121,212	415,683	536,895
Total undiscounted financial liabilities	6,467,440	415,683	6,883,123

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group and the Company's financial instruments would fluctuate because of changes in market interest rates.

The Group and the Company's exposure to interest rate risk arises primarily from variable loans and borrowings.

As at the end of the reporting period, the Group and the Company do not engage any interest hedging instruments in respect of such interest rate fluctuations.

Sensitivity analysis for interest rate risk

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2013. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's profit after tax would decrease or increase by RM301,313, as a result of higher or lower interest expense on these borrowings.

For those interest expense incurred and capitalised as part of the expenditure on property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM183,817, as a result of higher or lower interest expense on these borrowings.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (Continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2013									
Fixed rates									
Deposits placed with licensed banks	19	2.75 - 3.25	22,210,417	0	0	0	0	0	22,210,417
Hire purchase creditors	22	2.43 - 2.46	(105,796)	(110,983)	(116,170)	(51,153)	0	0	(384,102)
Floating rates									
Short term funds	18	2.71 - 3.05	14,546,177	0	0	0	0	0	14,546,177
Cash and bank balances	19	0 - 2.80	89,182,609	0	0	0	0	0	89,182,609
Bridging loan	22	4.84 - 6.35	(3,039,374)	(3,912,593)	0	0	0	0	(6,951,967)
Term loans	22	4.20 - 5.60	(11,700,000)	(27,154,475)	(33,800,000)	(8,178,000)	0	0	(80,832,475)
Revolving credit	22	4.97	(10,000,000)	0	0	0	0	0	(10,000,000)
Company									
As at 31 December 2013									
Fixed rates									
Amount due from subsidiaries	17 (d)	4.00	26,284,321	0	0	0	0	0	26,284,321
Deposits placed with licensed banks	19	2.75 - 3.25	7,648,801	0	0	0	0	0	7,648,801
Hire purchase creditors	22	2.43 - 2.46	(105,796)	(110,983)	(116,170)	(51,153)	0	0	(384,102)
Floating rates									
Short term funds	18	2.71 - 3.05	13,532,142	0	0	0	0	0	13,532,142
Cash and bank balances	19	0 - 3.00	11,220,656	0	0	0	0	0	11,220,656
Revolving credit	22	4.97	(10,000,000)	0	0	0	0	0	(10,000,000)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (Continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk (Continued):

Group	Note	Interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2012									
Fixed rates									
Deposits placed with licensed banks	19	2.70 - 3.25	13,423,846	0	0	0	0	0	13,423,846
Hire purchase creditors	22	2.43 - 2.46	(100,609)	(105,796)	(110,983)	(116,170)	(51,153)	0	(484,711)
Floating rates									
Short term funds	18	2.72 - 2.81	14,113,760	0	0	0	0	0	14,113,760
Cash and bank balances	19	0 - 3.00	68,434,816	0	0	0	0	0	68,434,816
Bridging loan	22	4.20	(1,713,974)	(1,690,861)	0	0	0	0	(3,404,835)
Term loans	22	4.20 - 5.60	(4,893,032)	(18,738,944)	(23,792,308)	(24,461,538)	(8,050,000)	0	(79,935,822)
Company									
As at 31 December 2012									
Fixed rates									
Amount due from subsidiaries	17 (d)	4.00	26,456,531	0	0	0	0	0	26,456,531
Deposits placed with licensed banks	19	2.70 - 3.25	3,485,104	0	0	0	0	0	3,485,104
Hire purchase creditors	22	2.43 - 2.46	(100,609)	(105,796)	(110,983)	(116,170)	(51,153)	0	(484,711)
Floating rates									
Short term funds	18	2.72 - 2.81	14,113,760	0	0	0	0	0	14,113,760
Cash and bank balances	19	0 - 3.00	4,304,301	0	0	0	0	0	4,304,301

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 28 May 2013, a subsidiary of the Company, Palmington Sdn. Bhd. ('Palmington') had acquired one (1) ordinary share of RM1 each, representing 50% of the entire issued and paid up share capital of the newly incorporated company, TNC Capital Sdn. Bhd. for a total purchase consideration of RM1.

(b) On 21 June 2013, the Company entered into a share purchase agreement ('SPA') with Pembangunan Bandar Mutiara Sdn Bhd, a wholly-owned subsidiary of Nadayu Properties Berhad ('Vendor') to acquire the following:

(i) the remaining 2,302,400 ordinary shares of RM1 each in Palmington not held by the Company, representing 40.0% of the total issued and paid up share capital of Palmington ('Proposed Palmington Acquisition'); and

(ii) the remaining 300,000 ordinary shares of RM1 each and 8,040,000 redeemable preference shares series C of RM1 each in Tambun Indah Development Sdn. Bhd. ('TI Development') not held by the Company, representing 30.0% of the total issued and paid up share capital of TI Development ('Proposed TI Development Acquisition').

On 29 August 2013, the Company had entered a supplemental SPA with the Vendor whereby the Company and the Vendor mutually agreed to vary and amend some of the terms of the SPA in relation to the Palmington Acquisition and TI Development Acquisition ('Acquisitions').

The total consideration for the Acquisitions was RM88,194,216 which was satisfied via a combination of the following:

(i) RM16,694,216 by cash; and

(ii) RM71,500,000 by way of issuance of 55,000,000 new Company's shares at an issue price of RM1.30 per share.

The shareholders of the Company had at the Extraordinary General Meeting held on 31 October 2013, approved the Acquisitions.

The Acquisitions were completed on 26 November 2013.

(c) On 21 June 2013, the Company proposed a private placement of up to 15,000,000 new Tambun Indah Shares, representing up to 4.71% of the issued and paid-up share capital of Tambun Indah ('Proposed Placement').

On 17 July 2013, Bursa Malaysia Securities Berhad ('Bursa Securities') had approved the listing and quotation of up to 15,000,000 new ordinary shares of RM0.50 each in Tambun Indah to be issued pursuant to the Proposed Placement.

The placement was completed on 2 August 2013 with the listing of 15,000,000 new Tambun Indah Shares on Main Market of Bursa Securities.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(d) On 12 December 2013, the Company acquired 2 ordinary shares of RM1 each, representing 100% of the total issued and paid up share capital of Novinia Sdn. Bhd. for a total cash consideration of RM2.

On 24 February 2014, the Company had transferred 2 ordinary shares of RM1 each, representing the entire equity interest in Novinia Sdn. Bhd. to Palmington Sdn. Bhd., another wholly-owned subsidiary of the Company for a total cash consideration of RM2.

In consequence thereof, Novinia Sdn. Bhd. became an indirect subsidiary of the Company.

(e) On 10 August 2012, Palmington entered into a Supplemental Agreement with Pembangunan Mutiara Sdn. Bhd. ('Pembangunan Mutiara') to vary the order of completion of Parcel R2 and Parcel R3 in respect of the Acquisitions.

On 29 October 2012, Palmington and Pembangunan Mutiara mutually agreed to extend the completion date in respect of the acquisition of Parcel R3 from 3 November 2012 to a further period of three (3) months ('Extended Completion Date') with interest on the number of days of extension at the rate of eight per centum (8%) per annum on the balance purchase price or the amount outstanding. The extension of time was mainly due to the loan documentation of Palmington not been able to be completed in time. Palmington had paid the differential sum to Pembangunan Mutiara being the differrence between the purchase consideration and financing amount for Parcel R3.

The acquisition of Parcel R2 and R3 was completed on 15 January 2013 and 23 January 2014 respectively.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2013 (Cont'd)

47. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period are analysed as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings of the Company and its subsidiaries:				
- realised	255,824,837	134,116,399	41,178,543	2,367,327
- unrealised	20,395,796	15,915,924	(884,000)	(884,000)
	276,220,633	150,032,323	40,294,543	1,483,327
Total share of retained earnings from an associate:				
- realised	2,862,155	579,038	0	0
- unrealised	(346,500)	(107,550)	0	0
Total share of accumulated loss from a joint venture:				
- realised	(1)	0	0	0
	278,736,287	150,503,811	40,294,543	1,483,327
Less: Consolidation adjustments	(231,089,804)	(90,369,175)	0	0
Total retained earnings	47,646,483	60,134,636	40,294,543	1,483,327

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Tambun Indah Land Berhad ("Tambun Indah" or "the Company") will be held at Datai Room, Level 2, Traders Hotel, Penang, Magazine Road, 10300 Penang on Friday, 20 June 2014 at 10.30 a.m. for the following purposes:-

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of Directors and Auditors thereon. **Please refer to Note 7**

2. To re-elect the following Directors who retire by rotation in accordance with Article 86 of the Company's Articles of Association and who, being eligible, offers themselves for re-election :-

   i) Mr. Yeoh Chong Keat **Ordinary Resolution 1**
   ii) Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali **Ordinary Resolution 2**

3. To re-elect Ms. Tsai Chia Ling, a Director who retires in accordance with Article 93 of the Company's Articles of Association and who, being eligible, offer herself for re-election. **Ordinary Resolution 3**

4. To approve the payment of Directors' Fees of not exceeding RM250,000 for the financial year ending 31 December 2014. **Ordinary Resolution 4**

5. To approve the payment of a single tier final dividend of 4.6 sen per ordinary share for the financial year ended 31 December 2013. **Ordinary Resolution 5**

6. To re-appoint Messrs. BDO as auditors of the Company for the ensuing year and to authorise Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business

To consider and if thought fit, to pass with or without modifications the following Ordinary Resolutions :

7. **Proposed Renewal of General Mandate for the Directors to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965**
   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and 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 to be issued does not exceed 10% of the total issued and paid-up share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued." **Ordinary Resolution 7**

Notice of Annual General Meeting (Cont'd)

8. **Proposed renewal of the authority for Directors to allot and issue new ordinary shares of RM0.50 each in the Company ("Tambun Indah Shares") in relation to the Dividend Reinvestment Scheme**

"THAT, pursuant to the Dividend Reinvestment Scheme as approved by the shareholders at an Extraordinary General Meeting held on 19 June 2013, approval be and is hereby given to the Company to allot and issue such number of new Tambun Indah Shares upon the election of shareholders of the Company to reinvest the dividend pursuant to the Dividend Reinvestment Scheme until conclusion of the next Annual General Meeting upon such terms and conditions and to such shareholders as the Directors may, in their absolute discretion, deem fit and in the interest of the Company PROVIDED THAT that the issue price of the new Tambun Indah Shares shall be fixed by the Directors at not more than 10% discount to 5 market day volume weighted average market price of Tambun Indah Shares immediately prior to the price fixing date or the par value of Tambun Indah Shares at the material time, whichever shall be higher.

THAT the new Tambun Indah Shares, shall upon allotment and issue, rank pari passu in all respects with the existing Tambun Indah Shares, save and except that the new Tambun Indah Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid, the entitlement date of which is prior to the allotment of the new Tambun Indah Shares issued pursuant to the Dividend Reinvestment Scheme.

THAT the Directors of the Company be and are hereby authorised to do to do all such acts and to enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the Dividend Investment Scheme with full power to assent to any conditions, modifications, variations and/or amendments or as the Directors, in its absolute discretion, deem fit and in the best interest of the Company.

AND THAT any Executive Director and/or Secretary of the Company be and is hereby authorised to do all things necessary and to make necessary application to Bursa Malaysia Securities Berhad for the listing of and quotation for any Tambun Indah Shares that may hereafter issued and allotted pursuant to the Dividend Reinvestment Scheme." **Ordinary Resolution 8**

9. **Proposed Granting of Options to Teh Deng Wei**

"THAT, pursuant to the Employees' Share Option Scheme ("ESOS") as approved by shareholders at an Extraordinary General Meeting held on 06 April 2012, approval be and is hereby given for the Directors at any time, and from time to time, to offer and/or grant options up to a maximum of 1,000,000 Tambun Indah Shares to Teh Deng Wei, the General Manager of Tambun Indah to subscribe for such number of new Tambun Indah Shares to be allocated to him under the ESOS of which, not more than 10% of the new Tambun Indah Shares to be issued under the ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him, holds 20% or more of the issued and paid-up share capital of the Company PROVIDED ALWAYS THAT it is accordance with any prevailing guidelines, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the By-Laws of the ESOS.

AND THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares pursuant to the ESOS to him from time to time pursuant to the exercise of such options." **Ordinary Resolution 9**

10. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

Notice of Annual General Meeting (Cont'd)

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the Sixth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 16 June 2014. Only a depositor whose name appears on the Record of Depositors as at 16 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/vote on his/her behalf.

By Order of the Board,

LEE PENG LOON (MACS 01258)

P'NG CHIEW KEEM (MAICSA 7026443)
Secretaries
Penang

Date: 29 May 2014

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. For a proxy to be valid, the Proxy Form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
6. In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.

EXPLANATORY NOTE ON ORDINARY BUSINESS

7. Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company. Hence, Agenda 1 is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

8. The Proposed Ordinary Resolution 7 is to seek a general mandate for the Directors of the Company to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued and paid-up share capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

   As at the date of this Notice, 15,000,000 Tambun Indah Shares were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 19 June 2013. The total proceeds of RM19,800,000.00 had been fully utilised to fund the acquisition of subsidiaries, the working capital of the Company and its subsidiaries as well as to defray expenses relating to the placement of shares.

   The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.
9. The Proposed Ordinary Resolution 8 is to seek shareholders' approval for the Directors to allot and issue new Tambun Indah Shares upon election of the shareholders of the Company to reinvest the dividend declared by the Company from time to time pursuant to the Dividend Reinvestment Scheme, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at the next Annual General Meeting of the Company.
10. The Proposed Ordinary Resolution 9, is to seek shareholders' approval for the Directors of the Company to offer and grant options to Teh Deng Wei, the General Manager of Tambun Indah to subscribe for new Tambun Indah Shares under the Company's ESOS approved by the shareholders on 06 April 2012.

    Teh Deng Wei is the son of Teh Kiak Seng, the Managing Director and Major Shareholder of the Company and nephew of Teh Theng Theng, the Executive Director of the Company.

    Accordingly, Teh Kiak Seng and Teh Theng Theng have abstained and will continue to abstain from deliberation and voting in respect of their respective direct and/or indirect interest in the Company and will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect interest in the Company, if any, on the Proposed Ordinary Resolution 9 pertaining to the allocation of options to Teh Deng Wei under the Company's ESOS.

TAMBUN INDAH LAND BERHAD
(Company No. 810446-U)
Incorporated in Malaysia

Proxy Form

*I/We……
(*I/C No. / Passport No. / Company No. ……..……) of ……..…
……
…… being a *member/members of the abovenamed Company,
hereby appoint …… (*I/C No. / Passport No.
……) of ……
……
……or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Sixth Annual General Meeting of the Company to be held at Datai Room, Level 2, Traders Hotel, Penang, Magazine Road, 10300 Penang on Friday, 20 June 2014 at 10.30 a.m., and at any adjournment thereof.

ORDINARY RESOLUTION	1	2	3	4	5	6	7	8	9
FOR									
AGAINST									

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed this ……day of……..…..,2014.

No. of shares held [ ]

……..
Signature(s)/Common Seal of member(s)

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies :

	No. of Shares	%
Proxy 1		
Proxy 2		
		100

Notes

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting.

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

4. Where a member is an authorized nominee as defined under the Securities Industry Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in each securities account it holds which is credited with the ordinary shares of the Company.

5. For a proxy to be valid, this Form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

6. In the case of a corporate member, this Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.

**strike out whichever is not desired.*

Fold this flag sealing

2nd fold here

Stamp

The Company Secretary
Tambun Indah Land Berhad
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

1st fold here

www.tambunindah.com

Tambun Indah Land Berhad
(Company No. 810446-U)

12-01 Penthouse, Wisma Pantai, Jalan Wisma Pantai,
12200 Butterworth, Penang, Malaysia.

Tel : +604 324 0088
Fax : +604 324 0090