TAMBUN INDAH

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ANNUAL REPORT

2010

Tambun Indah Land Berhad at a Glance

Tambun Indah Land Berhad ("Tambun Indah" or "the Company") was incorporated in Malaysia under the Companies Act, 1965 ("Act") on 19 March 2008 and was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 18 January 2011 with an issued and paid-up capital of RM110.5 million.

Tambun Indah is principally an investment holding company with its subsidiaries ("Tambun Indah Group" or "the Group") involved in property development, investment holding and operation of car park as well as project and construction management.

The history of Tambun Indah Group involvement in property development began way back in 1994. The Group commenced the development of Taman Tambun Indah on a 101.80 acre plot of land in Simpang Ampat. The maiden project, Taman Tambun Indah comprised a gated and guarded residential area incorporating 287 units of bungalow lots and 44 units of double storey semi-detached houses with security features, coupled with good road networks, infrastructure and amenities such as educational facilities, Government offices and recreational grounds.

Since the commencement of the Group's operations in 1994, Tambun Indah Group has established itself as a reputable property developer in mainland Penang under the stewardship of its founder, Teh Kiak Seng. With approximately 30 years of experience in the property development industry, the Group's founder and Managing Director, Teh Kiak Seng has been instrumental in the success, growth and development of Tambun Indah Group.

Pearl Garden | Community Hall
Seberang Perai Selatan, Penang

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BM Residence | Condominium
Bukit Mertajam, Penang

Corporate Information

Board of Directors

Tsai Yung Chuan	(Non-Independent Non-Executive Chairman)
Teh Kiak Seng	(Managing Director)
Teh Theng Theng	(Executive Director)
Thaw Yeng Cheong	(Executive Director)
Dato' Mohamad Nadzim Bin Shaari	(Independent Non-Executive Director)
Yeoh Chong Keat	(Independent Non-Executive Director)
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	(Independent Non-Executive Director)
Ong Eng Choon	(Independent Non-Executive Director)

Audit Committee

Ong Eng Choon	(Chairman / Independent Non-Executive Director)
Yeoh Chong Keat	(Member / Independent Non-Executive Director)
Dato' Mohamad Nadzim Bin Shaari	(Member / Independent Non-Executive Director)

Remuneration Committee

Dato' Mohamad Nadzim Bin Shaari	(Chairman / Independent Non-Executive Director)
Teh Kiak Seng	(Member / Managing Director)
Ong Eng Choon	(Member / Independent Non-Executive Director)

Nomination Committee

Yeoh Chong Keat	(Chairman / Independent Non-Executive Director)
Tsai Yung Chuan	(Member / Non-Independent Non-Executive Director)
Ong Eng Choon	(Member / Independent Non-Executive Director)

Company Secretary

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

Principal Bankers

Public Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

Registered Office

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

Share Registrar

MIDF Consultancy and Corporate Services Sdn Bhd
Level 8 Menara MIDF
82 Jalan Raja Chulan
50200 Kuala Lumpur

Auditors

UHY (AF 1411)
Chartered Accountants

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Corporate Structure

04 May 2011

Tambun Indah Land Berhad

100%

- **Cenderaman Development Sdn Bhd** Property Development
- **Denmas Sdn Bhd** Project & Construction Management
- **Denmas Development Sdn Bhd** Property Development
- **Epiland Properties Sdn Bhd** Property Development
- **Hong Hong Development Sdn Bhd** Property Development
- **Intanasia Development Sdn Bhd** Property Development
- **Juru Heights Sdn Bhd** Property Development
- **Jasnia Sdn Bhd** Property Development
- **Langstone Sdn Bhd** Investment Holding & Operation of Car Park
- **Perquest Sdn Bhd** Property Development
- **Tokoh Edaran Sdn Bhd** Construction Management
- **Tambun Indah Sdn Bhd** Property Development
- **TID Development Sdn Bhd** Property Development
- **TKS Land Sdn Bhd** Investment Holding
  - 50%
  - **CBD Land Sdn Bhd** Property Development

60%

- **Palmington Sdn Bhd** Property Development

70%

- **Tambun Indah Development Sdn Bhd** Property Development

50%

- **Zipac Development Sdn Bhd** Property Development

Financial Highlights

As our Group only formed on 11 November 2011, the financial highlights were prepared based on the assumption that our Group has been in existence from 1 January 2007 onwards.

Summarized Proforma Group Income Statement

For The Financial Year Ended 31 December (RM'000)	2007	2008	2009	2010
Revenue	97,078	126,045	100,873	128,058
EBITDA	27,291	34,700	30,803	36,399
Profit Before Taxation	26,999	34,461	30,018	36,168
Net Profit Attributable to Equity Holders	19,559	23,508	23,866	25,218

Summarized Group Balance Sheet

As At 31 December (RM'000)	Audited 2010
Total Non-Current Assets	62,493
Total Current Assets	152,736
Total Assets	215,228
Share Capital	94,500
Retained Earnings	25,218
Shareholders' Equity	119,718
Minority Interests	13,977
	133,695
Total Non-Current Liabilities	5,795
Total Current Liabilities	75,739
	215,228

Summarized Group Cash Flows

For the Financial Year Ended 31 December (RM'000)	Audited 2010
Operating Profit Before Working Capital Changes	11,405
Net Cash Flows From/(Used in) Operating Activities	(10,463)
Net Cash Flows (Used in)/From Investing Activities	39,241
Net Cash Flows From/(Used in) Financing Activities	(4,838)
Net Increase/(Decrease) in Cash and Cash Equivalents	23,939
Cash and Cash Equivalents at Beginning of Year	11
Cash and Cash Equivalents at End of Year	23,950

Financial Analysis	2007	2008	2009	2010
EBITDA Margin	28.11%	27.53%	30.54%	28.42%
Profit Before Tax Margin	27.81%	27.34%	29.76%	28.24%
Net Profit Margin	20.1%	18.7%	23.7%	19.7%
Cash and Bank Balances (RM '000)#				27,190
Total Borrowings (RM '000)#				23,069
Gearing (net of cash)				net cash

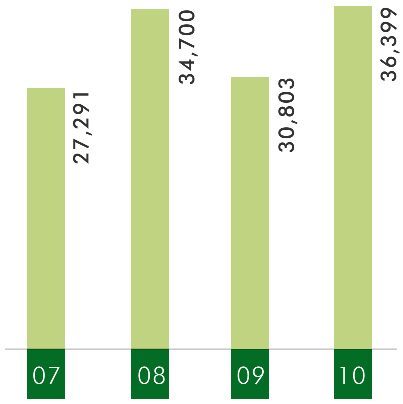
Before public issue of 32,000,000 shares and utilisation of proceeds amounting to RM22.4 million

Financial Highlights

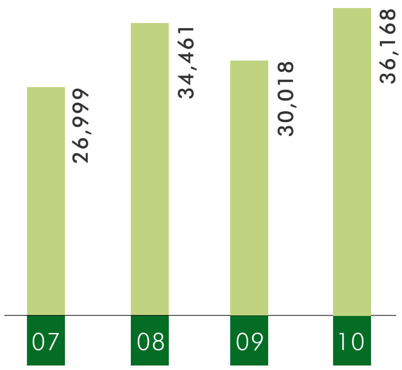
As our Group only formed on 11 November 2011, the financial highlights were prepared based on the assumption that our Group has been in existence from 1 January 2007 onwards.

Revenue (RM'000)
3-year CAGR: +9.7% p.a.

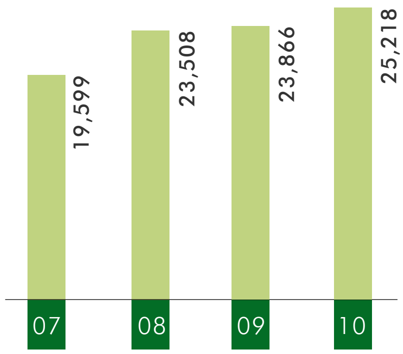
EBITDA (RM'000)
3-year CAGR: +10.1% p.a.



PBT (RM'000)
3-year CAGR: +10.2% p.a.



Net Profit Attributable to Equity Holders (RM'000)
3-year CAGR: +8.8% p.a.



Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors of Tambun Indah Land Berhad ("Tambun Indah" or "the Group"), I am pleased to present to you the Annual Report 2010 and the audited financial statements for the financial year ended 31 December 2010 ("FY2010").

FY2010 was an auspicious year for the Group as we were successfully listed on the Main Market on Bursa Malaysia Securities Berhad on 18 January 2011. This achievement was the culmination of many milestones accomplished throughout our corporate history spanning more than 15 years.

As the pioneer in bringing innovative property concepts in Mainland Penang, we are pleased that the listing not only marks the coming of age for Tambun Indah, but more importantly enables us to accelerate our business expansion in the coming years.

FINANCIAL PERFORMANCE

Malaysia recorded notable economic growth in 2010, with Gross Domestic Product ("GDP") rising by 7.2% compared to the contraction of 1.7% in the previous year.

The Malaysian House Price Index noted that prices increased by 6% on an annual basis during the first three quarters of 2010, almost doubling the average increase of 3.4% during 2000 to 2009. The strong price increase was driven in part by higher demand, due to continued growth in household incomes, improving consumer sentiment and the accommodative financing environment.

Against this backdrop, I'm pleased to state that Tambun Indah continued to display a commendable financial track record.

For FY2010, the Group registered audited revenue of RM39.6 million. These results however only represent the Group's revenue from 11 November 2010 to 31 December 2010 as the acquisition of subsidiary companies by Tambun Indah was only completed on 11 November 2010.

As the Group was formed on 11 November 2010, the financial performance proforma figures for FY2010 and FY2009, as reported in our Prospectus dated 29 December 2010 would be used for comparison purposes.

The Group's revenues in FY2010 rose to RM128.1 million from RM100.9 million in FY2009, an encouraging improvement of 26.9% in view of sustained demand for our properties. Our Juru Heights and Pearl Garden projects were major contributors to the Group's revenues, accounting for 45.1% and 35.1% respectively of FY2010 Group's revenues.

Chairman's Message

Group's gross profits amounted to RM39.4 million in FY2010, up 22.1% from RM32.3 million in the previous year.

The Group's lean cost structure and low-interest business model, coupled with the increase in sales, resulted in rising profitability in the year under review.

The Group achieved pre-tax profits and profits after tax of RM36.2 million and RM27.9 million respectively in FY2010; demonstrating strong double-digit growth from RM30.0 million and RM23.8 million in pre-tax profits and profits after tax respectively in FY2009. Group's net profits attributable to shareholders amounted to RM25.2 million in FY2010 from RM23.9 million previously, a slight increase due to higher minority interest component in the year under review.

Based on the Group's enlarged share capital of 221 million shares of RM0.50 par each, earnings per share improved to 11.40 sen in FY2010, versus 10.80 sen in FY2009.

Overall, we are satisfied with the Group's financial results in FY2010, and believe that it sets a strong foundation for the Group to continue on its growth path onward.

Tambun Indah has committed to a progressive dividend policy of paying 40 to 60% of the Group's net profits to our shareholders as dividends. We believe that this dividend policy would go a long way in attracting long term investors, and create value for shareholders over the long term.

Pearl Garden | Double Storey Terrace
Seberang Perai Selatan, Penang

Chairman's Message

CORPORATE DEVELOPMENTS

- Acquisitions of Premcourt Development Sdn Bhd ("Premcourt"), Pridaman Sdn Bhd ("Pridaman") and Ikhtiar Bitara Sdn Bhd ("Ikhtiar Bitara")

On 16 February 2011, Tambun Indah proposed the acquisitions of three companies, namely Premcourt, Pridaman and Ikhtiar Bitara, for a total purchase consideration of RM11.6 million, to be financed by internally-generated funds.

Further to that, Tambun Indah announced on 18 April 2011 that upon the completion of due dilience on Premcourt and the valuation report on the land to be developed by Premcourt, Tambun Indah and the vendors of Premcourt have mutually agreed to renegotiate certain terms and conditions of the acquisition. Upon reaching an agreement on the revised terms and conditions, a new share purchase agreement will be entered into between Tambun Indah and the vendors of Premcourt and a further announcement in connection therewith will be released in due course.

Pearl Villas | Swimming Pool
Seberang Perai Selatan, Penanng

Pearl Garden | Back Yard
Seberang Perai Selatan, Penanng

Juru Heights | Bungalow
Juru, Penang

In the meantime, the proposed acquisitions of Pridaman and Ikhtiar Bitara will proceed without any variations. The proposed acquisitions of the two companies would increase the Group's GDV by RM69 million, and effectively raise the Group's total GDV to RM1.6 billion to last till 2016. The development projects via the newly-acquired companies are expected to contribute approximately RM14 million in pre-tax profits over the expected development period from FY2011 to FY2014.

- Agreement with Pembangunan Bandar Mutiara Sdn Bhd ('PBM"), a wholly-owned subsidiary of Mutiara Goodyear Development Berhad

On 4 May 2011, Tambun Indah announced that its 60% subsidiary Palmington Sdn Bhd ('Palmington") had entered into an agreement with PBM to acquire and develop parcels of land in Mainland Penang for a purchase consideration of RM233.3 million. PBM owns the balance 40% of Palmington.

Palmington would acquire from PBM five parcels of land measuring 527 acres, which are situated close to Tambun Indah's existing Pearl Garden township and would enable the Group to strengthen its presence in the Simpang Ampat locality. The proposed development is linked to the North South Express Highway via Jalan Bukit Tambun, and is 15 minutes' drive from the proposed Second Penang Bridge.

Tambun Indah would finance its portion of the purchase consideration amounting to approximately RM139.9 million via internally-generated funds and bank borrowings.

Chairman's Message

FUTURE OUTLOOK

According to the Malaysian Economy report by the Ministry of Finance, performance of the residential sub-sector improved by 1.1% in the fourth quarter of 2010 (compared to -6.5% in Q3 2010), in tandem with increasing construction activity, particularly in the high-end residential segment. Housing starts registered impressive growth of 41.6% (compared to -8.7% in Q3 2010) following renewed interest from purchasers and developers. The improved performance of this sub-sector was also reflected in the increased take-up rate of 28.7% during the quarter (compared to 17.4% in Q3 2010) which was also the highest in the year.

The Penang property market is expected to chart commendable growth in the coming years, spurred by growing interest from foreign investors for Penang properties, growing Foreign Direct Investments ("FDI"), and, to some extent, property upgrading in line with the population's increasing affluence.

Therefore, we at Tambun Indah would align our strategies to ride the growth wave in the current financial year.

To this end, we will continue our tried-and-tested approach of offering high-quality yet affordable properties in a timely manner. At the same time, we would maintain an optimal landbank for future projects.

We would also continue our marketing strategies to create higher awareness of our ongoing and upcoming projects to potential buyers.

Recognizing our core competencies and proven business model, the Board is confident of the Group's bright prospects ahead.

CORPORATE GOVERNANCE

The Board is committed in carrying out best practices of corporate governance within the Group as a fundamental part of fulfilling our responsibilities to protect shareholders' value and enhance the business prosperity of the Group.

The measures to this effect are detailed in the Corporate Governance Disclosure in this Annual Report.

APPRECIATION

On behalf of the Board, I would like to express my deepest appreciation to my fellow Directors, management and the staff in Tambun Indah Group for their commitment and diligence in being with us for the past 15 years. I would also like to take this opportunity to thank our valued shareholders, business associates, regulatory authorities and customers for their continuous support to the Group. We look forward to your continued partnership going forward.

Thank you.

Tsai Yung Chuan
Non-Independent Non-Executive Chairman

Managing Director's Message

Over the years, Tambun Indah has carved a niche in introducing innovative properties in Mainland Penang.

Tambun Indah has become renowned for pioneering a number of new property concepts in Mainland Penang, which include the first gated community of Taman Tambun Indah in 1995, and the first landed strata scheme property called Palm Villas in 2007.

In addition to our continuous innovation, we have always kept to our principle of providing luxurious and high-quality properties at affordable prices.

Because of these values, our property projects have enjoyed high, if not full take-up rates – a glowing testament of our customers' trust in us. Furthermore, our properties have historically enjoyed premium prices in the secondary market.

FY2010 OPERATIONS REVIEW

The year under review was indeed a busy year for Tambun Indah. We sold properties worth total gross value of RM137.1 million, versus RM98.8 million in FY2009. We also recognized property sales of RM128.1 million, with pipeline sales of RM196.3 million yet to be recognized.

The year under review saw Tambun Indah Group strengthening its track record with the completion of two more projects, namely Casa Permai and Seri Palma, bringing the Group's portfolio to 9 completed projects since inception.

Pearl Garden | Double-Storey Semi-D
Seberang Perai Selatan, Penang

• Casa Permai
Our Casa Permai project spans 7.12 acres and consists of a total of 86 residence units, comprising 36 double-storey terrace houses, 18 three-storey terrace houses, 26 double-storey semi-detached house and 6 bungalows.

Located in Simpang Ampat, Mainland Penang, Casa Permai is just a minute drive from the Bukit Tambun Toll and North-South Highway, and 10 minutes drive from the first Penang Bridge and Bukit Mertajam. Residents enjoy easy access to public amenities of schools, restaurants, banks and recreational facilities, including a golf course and Batu Kawan stadium.

The project commenced in 2008 and was completed in 2010 with a GDV of RM26.78 million. I'm pleased to note that the project sales have been fully taken-up to date.

Managing Director's Message

• Seri Palma

The Seri Palma mixed development, encompassing a 0.96-acre land area, comprises 6 units of double storey semi-detached houses and 3 units of double storey shop offices in Butterworth, Penang.

The development commenced in 2009 and finished in 2010 with GDV of RM4.60 million. Like our past projects, sales of Seri Palma have been fully taken-up to date.

GROWTH STRATEGIES

The property sector in Mainland Penang is anticipated to see favourable prospects. The expansion of the Penang Science Park near Simpang Ampat, and multi-billion-Ringgit investments on capacity development by corporations such as Ibiden Japan, Honeywell and Rubycon would attract a larger pool of workers, therefore stimulating demand for residential properties in the vicinity.

Moreover, the increased Government spending on infrastructure such as the Penang Second Bridge, and the provision of public convenience services such as Bridge Express Shuttle Transit (BEST Bus) - a park-and-ride free shuttle bus service between Seberang Perai and the Bayan Lepas Free Industrial Zone - would enable greater accessibility between Mainland Penang and the island, thus making it viable for residents to work on the island while enjoying favourable property prices on the Mainland.

In any case, the rising property prices on Penang island are anticipated to enhance the attractiveness of lifestyle properties in the Mainland due to their affordability.

These factors point toward a brighter future for Tambun Indah in the coming years.

Cognizant of the positive industry prospects ahead, the Group has outlined 3 strategies to reinforce our position as a leading property developer in Penang.

Pearl Garden | Swimming Pool
Seberang Perai Selatan, Penang

Managing Director's Message

Pearl Garden | Gym Room
Seberang Perai Selatan, Penang

Juru Heights | Bungalow (Vanilla)
Juru, Penang

(i) Strengthen our track record with ongoing projects

FY2011 will see Tambun Indah steadily developing a number of projects that would bear fruit in the current financial year and beyond.

• Juru Heights

The development of Juru Heights represents the Group's staunch commitment to build vibrant townships in Mainland Penang. Comprising gated and guarded residences next to Juru Auto City, Phase I was completed in 2009, while we are currently embarking on the development of double-storey bungalows under Phase 2, with GDV of RM79.53 million. Upon completion of Phase 2 in 2011, Juru Heights would span a total land area of 81.25 acres, with GDV of RM255.12 million.

Given the positive feedback from Phase I as well as the strategic location of Juru Heights – within close proximity from Prai Industrial Estate and easy accessibility via the North-South Highway, the first and second Penang bridge – we are optimistic that Juru Heights would be another showcase development for Tambun Indah. In fact, to date, Juru Heights has a 99.1% take-up rate with gross sales value of RM255.12 million.

• Pearl Garden & Pearl Villas

Our most ambitious project, which we commenced in 2009, is Pearl Garden in Simpang Ampat. A gated and guarded development, Pearl Garden is an eco-sanctuary with wide open spaces. In addition to an exclusive clubhouse with the gymnasium overlooking the swimming pool, we have also incorporated a jogging track that connects right to the residents' homes.

The Group had previously launched Phases A1A, A1B and A2 in 4th quarter 2009 and 2010 respectively, which had witnessed overwhelming response from the public.

Managing Director's Message

Encouraged by this, FY2011 will see the Group embarking on Pearl Villas Phases 1 and 2 with GDV of RM137.9 million. With its unique positioning as an eco-friendly luxury residences, we believe that Pearl Garden and Pearl Villas will meet the increasing demand for high-quality residences in Penang. Currently, Pearl Garden has a 91.3% take-up rate with gross sales value of RM139.12 million.

Carrissa Park | Condominium
Butterworth, Penang

Other projects
Some of the Group's other development projects going forward are:

- Carissa Park – A 144 unit-apartment block in Bagan Lallang, Butterworth, which commenced in 2009 and is targeted for completion in end-2011 with GDV of RM25.93 million.
- Impian Residence – 100 units of double-storey terraces and 32 units of double-storey semi-detached houses in Alma, Bukit Mertajam. Impian Residences spans 10.09 acres and will have GDV of RM40.82 million upon completion in 2012.

Impian Residence | Double Storey Semi-D
Bukit Mertajam, Penang

Managing Director's Message

Dahlia Park | Condominium
Butterworth, Penang

Tanjung Heights| Condominium
Butterworth, Penang

- Dahlia Park – A gated 134-unit condominium block and 12 units of double-storey shop houses on a 2.23 acre land. Dahlia Park offers residents luxury and exclusivity, with 10 units per floor, and residents on higher floors basking in the sea view. Residents can also enjoy its full facilities, including the gymnasium, outdoor swimming pool, multi-purpose hall, and security features. Dahlia Park is slated for completion in 2013, with GDV of RM45.14 million.

- Tanjung Heights – 148 units of condominiums and 17 units of shop offices in Butterworth. It has an estimated GDV of RM52.16 million upon completion in 2013.

- BM Residence – Total of 148 residential housing units comprising condominiums, semi-detached houses, bungalows and three-storey terrace houses. BM Residence is scheduled to be completed in 2014 with GDV of RM39.25 million.

Together with other pipeline projects slated for coming years, Tambun Indah has a GDV exceeding RM1.6 billion till 2016. We believe this places us in good stead to continue making a significant impact in Penang.

(ii) Expand our land bank
We are constantly on the lookout to increase our land bank, and believe in purchasing quality land over quantity.

It has always been our strategy to maintain an optimal land bank size that allows for quick turnaround. To this end, we ensure our land purchases are quickly followed up with development plans so as to achieve shorter time-to-market. This strategy enables us to use our working capital efficiently as we enjoy savings in finance costs and maximise returns while maintaining a healthy cash flow.

At present, we have a land bank of 215 acres in Penang, and upon completion of proposed acquisition of Pridaman, Ikhtiar Bitara and proposed land acquisition by Palmington, the land bank of the Group will increase to 754 acres, which will last the Group till 2021.

At the same time, we are actively seeking opportunities to expand our landbank beyond Penang to broaden the scope of our operations for the long term.

Managing Director's Message

(iii) Continue creating high visibility for our projects

As has been the case in the past, we would continue to reach out to potential buyers through active participation of property fairs, promotional initiatives via billboards, newspaper advertisements and printed collateral.

This integrated marketing strategy would create top-of-mind awareness of our projects so as to reiterate our position as the developer of choice for high-quality yet affordable properties for our customers.

Capri Park | Condominium
Butterworth, Penang

CONCLUSION

Backed by our excellent track record and strong financial position, we believe that Tambun Indah stands in good stead to tap into the tremendous potential in the Penang property market in FY2011.

We look forward to the continued support of our stakeholders as we strive towards reaching our vision of being a responsible regional developer.

Ir. Teh Kiak Seng
Managing Director

Directors' Profile

Tsai Yung Chuan
Non-Independent
Non-Executive
Chairman

Tsai Yung Chuan, a Taiwanese, aged 54, is the co-founder of our Group. He was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Non-Independent Non-Executive Chairman. He is also a member of Nomination Committee.

Tsai Yung Chuan started his career as General Manager of his family business Jinn Her Enterprise Co. Ltd, Taiwan, a factory producing fasteners after graduating with a certificate in Electrical Engineering from National Lien Ho College of Technology and Commerce, Taiwan, in 1977. He initiated the business expansion into Malaysia and founded Chin Well group of companies when he visited Malaysia in 1988. Currently, he is the Managing Director of Chin Well Holdings Berhad, a company 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.

Tsai Yung Chuan is the husband to Tsai Chang Hsiu-Hsiang, our major shareholder and is the father to Tsai Chia Ling, our major shareholder. To-date, there has not been any occurrence of conflict of interest with the Company.

Teh Kiak Seng
Managing Director

Teh Kiak Seng, a Malaysian, aged 61, 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.

Directors' Profile

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. Presently, he holds the position of Honorary Secretary of the Real Estate and Housing Developers' Association in Penang and 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.

Teh Kiak Seng and Teh Theng Theng, our Executive Director are siblings. To-date, there has not been any occurence of conflict of interest with the Company.

Teh Theng Theng
Executive Director

Teh Theng Theng, a Malaysian, aged 48, 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 guides 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.

Teh Theng Theng and Teh Kiak Seng, our Managing Director are siblings. To-date, there has not been any occurence of conflict of interest with the Company.

Directors' Profile

Thaw Yeng Cheong
Executive Director

Thaw Yeng Cheong, a Malaysian, aged 53, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Executive Director.

He graduated with a Bachelor of Architecture degree from University of Bombay on 11 February 1984 and has been involved in the property development industry as a senior consultant architect with Arkitek Permata since 1985. Throughout his career, he was involved in the design, concept inception, management, budgeting and building process. His experience ranges across diversified projects comprising residential, commercial, industrial and institutional development which includes housing, hotels, schools, hospitals, factories, community halls and resorts.

Among his involvement with notable clients are IJM Corporation Bhd, DNP Land Sdn Bhd, Lion Properties Sdn Bhd, Sunway City (PG) Sdn Bhd, Oriental Interest Bhd and numerous established private companies.

Thaw Yeng Cheong is also a Certified Member of the Financial Planning Association of Malaysia and Director of Legacy Advisory Sdn Bhd, independent Financial Adviser licensed by Bank Negara Malaysia, with operation activities in Penang, Ipoh and the Klang Valley.

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

He does not have any family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any ocurrence of conflict of interest with the Company.

Dato' Mohamad Nadzim Bin Shaari
Independent Non-Executive Director

Dato' Mohamad Nadzim Bin Shaari, a Malaysian, aged 62, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Independent Non-Executive Director. He is also the Chairman of Remuneration Committee and a member of the Audit Committee.

Dato' Mohamad Nadzim graduated with a Master of Science in Development Studies from Bath University in Avon, United Kingdom in the year 1988. In 1972, he was appointed as a member of the Kedah State Civil Service and later in 1975 as a member of the Malaysian Administrative and Diplomatic Service and had served in various posts involved in the planning, development and implementation of Government policies, programmes and projects whilst serving as an official in the Prime Minister's Department. He left the Prime Minister's Department in 2000 and was appointed as the Principal Assistant Director and then the Director of the Communications Infrastructure Division in the Ministry of Energy, Communications and Multimedia in 2001 until 2004.

In 2004, he was appointed as the Deputy State Secretary of Perak until 2005. Since then, he has been providing consulting services to Government agencies and the training of new officers in several aspects of the Government administrative machinery.

Directors' Profile

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

He does not have any family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any ocurrence of conflict of interest with the Company.

Yeoh Chong Keat
Independent Non-Executive Director

Yeoh Chong Keat, a Malaysian, aged 53, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Independent Non-Executive Director. He is also the Chairman of Nomination Committee and a member of the Audit Committee.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation), a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants. He trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, Birmingham, United Kingdom (now part of PricewaterhouseCoopers, U.K.) 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.

Currently, he is the external company secretary of several public companies listed on Bursa Malaysia Securities Berhad, a Director of XOX Berhad which is approved for listing on ACE Market of Bursa Securities and is also an Independent Director of Lien Hoe Corporation Berhad, Cheetah Holdings Berhad as well as the Non-Independent Non-Executive Director of Nagamas International Berhad which are 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. To-date, there has not been any occurrence of conflict of interest with the Company.

Directors' Profile

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

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, a Malaysian, aged 62, was appointed to the Board of Tambun Indah on 15 April 2011 and is presently the Independent Non-Executive Director.

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. To-date, there has not been any occurrence of conflict of interest with the Company.

Directors' Profile

Ong Eng Choon
Independent Non-Executive Director

Ong Eng Choon, a Malaysian, aged 59, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Independent Non-Executive Director. He is also the Chairman of Audit Committee and a member of the Remuneration and Nomination Committee.

Ong Eng Choon is an accountant by profession. He graduated from Tunku Abdul Rahman College, Kuala Lumpur on 31 May 1976 with a Diploma in Business Administration and has more than 30 years of tax experience having started with the Inland Revenue Department in 1976 and spent 10 years with Kassim Chan Tax Services Sdn Bhd. He is currently the Managing Director of Taxnet Consultants Sdn Bhd.

He is a Chartered Accountant (Malaysia), a Fellow of the Chartered Association of Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators and an Associate Member of Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation).

Currently, he is the Independent Non-Executive Director of Chin Well Holdings Berhad, Tek Seng Holdings Berhad, Public Packages Holdings Berhad and Nagamas International Berhad which are listed on the Main Market of Bursa Securities and Elsoft Research Berhad which is listed on the ACE 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 any family relationship with any Director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

(Ong Eng Choon will be retiring at the forthcoming Annual General Meeting and he had indicated to the Board that he does not wish to seek for re-election)

Corporate Governance Disclosure

The Board of Tambun Indah acknowledges the importance of maintaining good corporate governance in the Group and is pleased to present its report of how the Company has applied the principles of Corporate Governance set out in Part 1 of the Malaysian Code on Corporate Governance ("Code").

PRINCIPLES OF CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS

There are presently 8 Board members in Tambun Indah comprising 3 executive directors, 1 non-independent non-executive director and 4 independent non-executive directors. The number of independent directors is in compliance with the Main Market Listing Requirements of Bursa Securities which requires 1/3 of the directors, must be independent.

The Board's composition represents a mix of experiences, skills and knowledge to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction. The profile of each director is presented under Directors' Profile on pages 17 to 22.

Even though the Board has representatives of the substantial shareholders, the presence of the independent directors ensure that no influence or domination in the decision making process of the Board and that the independent directors' role are vital for the successful direction of the Group.

Board Meetings

The Board has committed to meet at least 5 times in a financial year to review and approve the quarterly financial results and annual financial statements. 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.

There were no Board meetings held during the financial year ended 31 December 2010.

2. 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.

All the directors also have access to the advice and services of the Company Secretary in carrying out their duties and 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.

The directors may obtain further information which they may require in discharging their duties such as seeking independent professional advice, if necessary, at the Company's expense.

Corporate Governance Disclosure

3. APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association of the Company, at the 1st annual general meeting, all the directors shall retire from office and at the annual general meeting in every subsequent year, 1/3 of the directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election. Provided always that all directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

The Board had on 24 November 2010, set up a Nomination Committee comprising exclusively non-executive directors, a majority of whom are independent.

The Nomination Committee consists of :

Name	Designation	Directorate
Yeoh Chong Keat	Chairman	Independent Non-Executive
Tsai Yung Chuan	Member	Non-Independent Non-Executive
Ong Eng Choon	Member	Independent Non-Executive

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

Appointment/Composition

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

2) The Nomination 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 Nomination Committee shall be appointed by the members of the Nomination Committee amongst themselves, who shall be an independent director.

Meetings

1) The Nomination 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 Nomination 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 Nomination 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 Nomination Committee.

Corporate Governance Disclosure

Function/Duties

1) To annually assess the 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, effectiveness and other qualities and contributions of each individual director, including non-executive directors, as well as chief executive officer.

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 Nomination 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, having due regard to their performance, skills and experience required.

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 on the Board in the future.

4. DIRECTORS' TRAINING

All the Directors had attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Busatra Sdn Bhd.

Corporate Governance Disclosure

5. DIRECTORS' REMUNERATION

The Board had on 24 November 2010, set up a Remuneration Committee comprising mainly independent non-executive directors.

The Remuneration Committee consists of :

Name	Designation	Directorate
Dato' Mohamad Nadzim Bin Shaari	Chairman	Independent Non-Executive
Teh Kiak Seng	Member	Executive
Ong Eng Choon	Member	Independent Non-Executive

The details of the Directors' Remunerations are presented under Note 22 of the Financial Statements.

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, composed wholly or mainly 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 number 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.

6. SHAREHOLDERS

The Board provides timely and accurate disclosure of all material information of the Group to the shareholders and interested public. Information is disseminated through the following channel of communications :

1) announcements made to Bursa Securities via the Bursa Link
2) distribution of annual reports
3) meetings with fund managers and analysts
4) meetings with members of the press

At the forthcoming Annual General Meeting of the Company, the Board encourages shareholders to attend and participate in the proceedings.

Corporate Governance Disclosure

7. FINANCIAL REPORTING

Before the annual financial statements and quarterly financial results are tabled, the Board through the assistance and review of the Audit Committee and in consultation with the External Auditors presents a balance and understandable assessment of the Group's financial position and prospects to the public.

8. INTERNAL CONTROL

The Board acknowledges its responsibilities to maintain an appropriate system of internal control to safeguard its' shareholders' investment and the assets of the Company.

Apart from the Company's existing policies and procedures in monitoring the internal control systems, the Board had on 14 February 2011 appointed an independent professional firm, to carry out the internal audit functions to ensure that the Company's internal control systems are properly in place.

9. RELATIONSHIP WITH THE AUDITORS

The Board through the Audit Committee established a formal and transparent relationship with the External Auditors.

COMPLIANCE STATEMENT

Upon Tambun Indah successful listing on the Main Market of Bursa Securities on 18 January 2011, the Board had initiated moves to ensure the best practices of the Code are adopted and complied throughout the Group as the Board believes that good corporate governance results in quantifiable long term success as well as enhancing shareholders' value and financial performance of the Group.

DIRECTORS' RESPONSIBILITY STATEMENT

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 ensure that the financial statements are prepared in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

In the preparation of the financial statements for the financial year ended 31 December 2010, the Directors are satisfied that the Group had used the appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgement.

Statement About The State of 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 internal control of the Group, which has been prepared in accordance with the Statement on 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 AND INTERNAL CONTROL

The Board recognises the importance of risk management and risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The regular reviews and evaluations of internal control systems, is an ongoing process for identifying, evaluating and managing significant risks faced or potentially exposed to, by the Group in pursuing its business objectives.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification in the processes and activities of the Group, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has engaged the services of an independent a firm of Chartered Accountants on 14th February 2011 to carry out internal audit of the Group to provide assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on the risk profile identified by management and reviewed by the Audit and Risk Management Committee. The audit plan is presented to Audit and Risk Management Committee for approval.

On a quarterly basis, the internal auditors report to the Audit and Risk Management Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

Statement About The State of Internal Control

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 operations matters and other issues that affect the Group; and
- Regular visits to operating units by Managing Director, Executive Directors and senior management.

The Board is of the view that there is no significant breakdown or weaknesses in the system on internal controls of the Group that have resulted in material losses incurred by the Group for the financial year ended 31 December 2010.

THE BOARD'S COMMITMENT

The Board remains committed towards maintaining a sound system of internal control and 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 current financial year as a result of weaknesses in internal control. The Group continues to take measures to strengthen the internal control environment.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements of Bursa Securities.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of:

Name	Designation	Directorate
Ong Eng Choon	Chairman	Independent Non-Executive
Dato' Mohamad Nadzim Bin Shaari	Member	Independent Non-Executive
Yeoh Chong Keat	Member	Independent Non-Executive

MEETINGS AND ACTIVITIES

No Audit Committee meetings were held during the financial year ended 31 December 2010.

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 such committee and 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

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.

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 shall 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 chairman, the chief executive officer, the head of finance, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

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 or professional advice.

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

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

Audit Committee Report

Functions/Duties

1) To consider the appointment and/or re-appointment of external auditors, their audit fees and any question of their resignation or dismissal 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 approval of the Board of Directors, focusing particularly on:-
   i) changes in or implementation of major accounting policies and practices;
   ii) going concern assumption;
   iii) significant and unusual events; and
   iv) 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 Employees' Share Option Scheme.

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 works.

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

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

ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Internal Auditors were appointed on 14 February 2011 to provide independent and objective reports to the Audit Committee, which assists the Audit Committee in discharging its duties and responsibilities.

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

There were no activities of the internal audit function carried out during the financial year ended 31 December 2010.

Additional Compliance Information

1. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered by the Company or its subsidiaries involving Directors' interests since the previous financial year ended 31 December 2009 and in the financial year ended 31 December 2010 :

i) An Underwriting Agreement dated 15 November 2010 between the Company, and MIMB Investment Bank Berhad (Sole Underwriter) for the underwriting of the following :

a) 11,050,000 ordinary shares of RM0.50 each (Shares) allocated for the subscription of the Malaysian public to be underwritten for an underwriting commission of 2.5% of the IPO Price of RM0.70 per Initial Public Offering ("IPO") Share; and

b) 11,050,000 Shares to be underwritten under the pink form allocation for an underwriting commission of 0.5% of the IPO Price of RM0.70 per IPO Share.

ii) Conditional Share Sale Agreement(s) dated 15 May 2010 entered into between:

a) Siram Permai Sdn Bhd and Tah-Wah Sdn Bhd (Vendors) and the Company for the acquisition of 4,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Cenderaman Development Sdn Bhd from the Vendors after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM3.99 million to be satisfied by way of the issuance of 7,982,700 new Tambun Indah Shares at par;

b) Amal Pintas Sdn Bhd, Siram Permai Sdn Bhd and NLE Electrical Engineering Sdn Bhd (Vendors) and the Company for the acquisition of 1,800,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Denmas Sdn Bhd from the Vendors after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM1.79 million to be satisfied by way of the issuance of 3,578,048 new Tambun Indah Shares at par;

c) Amal Pintas Sdn Bhd, Siram Permai Sdn Bhd, Sound Vantage Sdn Bhd, Tah-Wah Sdn Bhd and Teh Eng Bew (Vendors) and the Company for the acquisition of 5,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Denmas Development Sdn Bhd from the Vendors after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM4.99 million to be satisfied by way of the issuance of 9,988,112 new Tambun Indah Shares at par;

d) Amal Pintas Sdn Bhd, Siram Permai Sdn Bhd, Sound Vantage Sdn Bhd and Teh Eng Bew (Vendors) and the Company for the acquisition of 250,100 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Epiland Properties Sdn Bhd from the Vendors, for a purchase consideration of approximately RM0.50 million to be satisfied by way of the issuance of 1,008,584 new Tambun Indah Shares at par;

e) Siram Permai Sdn Bhd, Tah-Wah Sdn Bhd and Viewpoint Style Sdn Bhd (Vendors) and the Company for the acquisition of 1,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hong Hong Development Sdn Bhd from the Vendors, for a purchase consideration of approximately RM5.95 million to be satisfied by way of the issuance of 11,900,768 new Tambun Indah Shares at par;

Additional Compliance Information

f) Siram Permai Sdn Bhd, Tah-Wah Sdn Bhd and Sound Vantage Sdn Bhd (Vendors) and the Company for the acquisition of 1,550,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Intanasia Development Sdn Bhd from the Vendors after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM4.22 million to be satisfied by way of the issuance of 8,445,322 new Tambun Indah Shares at par;

g) Siram Permai Sdn Bhd and Tah-Wah Sdn Bhd (Vendors) and the Company for the acquisition of 5,770,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Jasnia Sdn Bhd from the Vendors after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM8.50 million to be satisfied by way of the issuance of 16,998,484 new Tambun Indah Shares at par;

h) Amal Pintas Sdn Bhd, Siram Permai Sdn Bhd, Sound Vantage Sdn Bhd, Lai Fook Hoy and Teh Eng Bew (vendors) and the Company for the acquisition of 1,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Juru Heights Sdn Bhd from the Vendors, for a purchase consideration of approximately RM11.73 million to be satisfied by way of the issuance of 23,452,488 new Tambun Indah Shares at par;

i) Poh Chean Hung and Ng Lai Lai (Vendors) and the Company for the acquisition of 2,783,380 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Langstone Sdn Bhd from the Vendors after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM8.39 million to be satisfied by way of the issuance of 16,772,646 new Tambun Indah Shares at par;

j) Alpha Master (M) Sdn Bhd, Amal Pintas Sdn Bhd, Mahcesy Sdn Bhd, Siram Permai Sdn Bhd, Sound Vantage Sdn Bhd and Teh Eng Bew (Vendors) and the Company for the acquisition of 1,250,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Perquest Sdn Bhd from the Vendors after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM10.40 million to be satisfied by way of the issuance of 20,790,594 new Tambun Indah Shares at par;

k) Amal Pintas Sdn Bhd, Siram Permai Sdn Bhd and Tah-Wah Sdn Bhd (Vendors) of Tambun Indah Development Sdn Bhd and the Company for the acquisition of 700,000 ordinary shares, 350,000 redeemable preference shares Series A and 17,050,497 redeemable preference shares Series B of RM1.00 each representing 70% of the issued and paid-up share capital of Tambun Indah Development Sdn Bhd from the Vendors after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM17.72 million to be satisfied by way of the issuance of 35,440,662 new Tambun Indah Shares at par;

l) Alpha Master (M) Sdn Bhd, Amal Pintas Sdn Bhd, Mahcesy Sdn Bhd, Siram Permai Sdn Bhd, Sound Vantage Sdn Bhd and Teh Eng Bew (Vendors) and the Company for the acquisition of 1,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Tambun Indah Sdn Bhd from the Vendors for a purchase consideration of approximately RM1.45 million to be satisfied by way of the issuance of 2,894,566 new Tambun Indah Shares at par;

Additional Compliance Information

m) Amal Pintas Sdn Bhd, Siram Permai Sdn Bhd, Sound Vantage Sdn Bhd, Tah-Wah Sdn Bhd and Teh Eng Bew (Vendors) and the Company for the acquisition of 4,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of TID Development Sdn Bhd from the Vendors after the capitalisation of shareholders' advances, for a purchase consideration of RM4.00 million to be satisfied by way of the issuance of 8,000,000 new Tambun Indah Shares at par;

n) Siram Permai Sdn Bhd (Vendor) and the Company for the acquisition of 4,800,002 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of TKS Land Sdn Bhd from the Vendor after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM4.80 million to be satisfied by way of the issuance of 9,600,004 new Tambun Indah Shares at par;

o) Amal Pintas Sdn Bhd, Honour Symbol Sdn Bhd, Siram Permai Sdn Bhd, Sound Vantage Sdn Bhd, Lai Fook Hoy and Teh Eng Bew (Vendors) and the Company for the acquisition of 1,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Tokoh Edaran Sdn Bhd from the Vendors for a purchase consideration of approximately RM3.60 million to be satisfied by way of the issuance of 7,191,044 new Tambun Indah Shares at par; and

p) Teh Kiak Seng (Vendor) and the Company for the acquisition of 250,000 ordinary shares and 2,200,000 redeemable preference shares of RM1.00 each representing 50% of the issued and paid-up share capital of Zipac Development Sdn Bhd from the Vendor after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM2.48 million to be satisfied by way of the issuance of 4,955,974 new Tambun Indah Shares at par.

2. UTILISATION OF PROCEEDS

The status of utilisation of proceeds arising from the listing of Tambun Indah as at 04 May 2011 are as follows :

Purpose of Utilisation	Estimated time frame for utilisation from the date of listing	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Deviation (RM'000)
Working Capital	12 months	12,700	(6,131)	-
Repayment of bank borrowings	12 months	7,100	(3,200)	-
Share issue expenses	3 months	2,600	(2,680)	(80) #
		22,400	**(12,011)**	**(80)**

The excess in actual share issue expenses had been funded by internally generated funds.

3. SHARE BUY-BACKS

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

Additional Compliance Information

4. OPTIONS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2010, the Company does not issue any options or convertible securities.

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

During the financial year ended 31 December 2010, the Company had paid RM114,316.00 to the External Auditors, who was the Reporting Accountant pursuant to the Company's listing exercise.

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 2010.

Corporate Social Responsibility

We at Tambun Indah recognize the importance of Corporate Social Responsibility ('CSR') as one of the essential principles in building a sustainable business.

In this respect, Tambun Indah made contributions to numerous charitable causes, schools and other education institutions in Mainland Penang during the year. The Group sees this as part of our CSR programme to make a positive impact amongst all sectors of society.

The Group also undertook regular staff development initiatives to equip employees with the necessary skill sets to undertake their tasks better.

Tambun Indah would continue to play our role in building a conducive environment within the Group and in context of the larger community.

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
1. Lots 2389, 2402, 2405, 2424, 2425, 2426, 2428, 2437, 2450, 2455, 2478, 2488, Mukim 12 Seberang Perai Tengah Pulau Pinang (Juru Heights, Juru)	Freehold	Land under development	N/A	4.04	2,934,578	30.06.2010
2. Lot 8751 (GRN No. 73118), Mukim 15 Seberang Perai Selatan Pulau Pinang (Pearl Garden & Pearl Villas, Jalan Tasek Mutiara 1, Simpang Ampat)	Freehold	Land under development	N/A	67.90	34,274,046	30.06.2010
3. Lot 535, 1081 & 1828 (GM Nos.408, 456 & 460), Mukim 14, Seberang Perai Utara Pulau Pinang (Carissa Park, Jalan Bagan Lallang, Bagan Lallang)	Freehold	Land under development	N/A	2.73	3,223,715	30.06.2010
4. 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	3,259,301	30.06.2010
5. Lot 1785 & 1790 Mukim 14 (GM Nos. 507 & 511) Seberang Perai Tengah Pulau Pinang (Impian Residence, Jalan Impian Indah, Alma, Bukit Mertajam)	Freehold	Land under development	N/A	10.09	5,449,719	30.06.2010
6. 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	6,021,895	30.06.2010

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
7. 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	6,745,643	30.06.2010
8. Lot 122 and ½ undivided shares on Lot 123 (GM Nos.114 & 115), Mukim 10 Seberang Perai Tengah Pulau Pinang (Taman Bukit Residence, Jalan Bukit Kecil 1, Off Jalan Sung Ban Kheng, Bukit Mertajam)	Freehold	Land held for development	N/A	3.96	5,541,505	30.06.2010
9. Lot 627 & 630 Seksyen 4 (GRN 33236 & 33238) Bandar Butterworth Seberang Perai Utara Pulau Pinang (Jalan Kampung Benggali, Butterworth)	Freehold	Land held for development	N/A	1.52	1,108,909	30.06.2010
10. Lots 114, 1067 and 8750 (GRN 44612, GM 356 & GRN 73117), Mukim 15 Seberang Perai Selatan Pulau Pinang (Pearl Residence, Jalan Tasek Mutiara 1, Simpang Ampat)	Freehold	Land held for development	N/A	84.00	41,888,877	30.06.2010
11. Lot 1032 (New Lot 3620), Seksyen 4, Bandar Butterworth, Seberang Perai Utara, Pulau Pinang (Capri Park, Jalan Heng Choon Tian, Butterworth)	Freehold	Land held for development	N/A	2.70	3,788,673	30.06.2010

List of Properties held by the Group

Location/ Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land/ Built-up Area (sq metres)	Audited Net Book Value (RM)	Date of Last Valuation
1. No. 4939 Jalan Siram 12100 Butterworth Pulau Pinang	Freehold	3½ -storey terrace light industrial building	16	154/ 471.93	670,000	30.06.2010
2. No. 6 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang	Freehold	3-storey terrace shop office	12	153/ 459.12	640,000	30.06.2010
3. No. 10-02 Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth Pulau Pinang	Freehold	3-bedroom penthouse	14	NA/139	250,000	30.06.2010
4. No. 10-12 Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth Pulau Pinang	Freehold	3-bedroom penthouse	14	NA/139	250,000	30.06.2010
5. 18-10-03 Scotland Villa Medan Lumba Kuda 10450 Pulau Pinang	Freehold	4-bedroom condominium	6	NA/199	840,000	30.06.2010
6. No. 1-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	14	NA/147	270,000	30.06.2010
7. No. 1-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	14	NA/125	230,000	30.06.2010
8. No. 7-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	14	NA/145	280,000	30.06.2010

List of Properties held by the Group

Location/ Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land/ Built-up Area (sq metres)	Audited Net Book Value (RM)	Date of Last Valuation
9. No. 7-05 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	14	NA/120	230,000	30.06.2010
10. No. 12-01, 12-02 & 12A-01, and 7-06, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	3 penthouse office lots together with 6 levels of multi-storey 128 bays of covered car parks, and 1 new office lot	14	NA/7,049	4,850,000	30.06.2010
11. No. 3-02 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	14	NA/169	240,000	22.12.2010
12. No. 4-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	14	NA/126	175,000	22.12.2010

Revaluation Policy

The investment properties of the subsidiary had been revalued by independent professional valuer prior to the Company's listing on 18 January 2011. The Directors have not adopted a policy of regular revaluation on such assets. However, investment properties are measured at fair value which reflects market conditions at reporting date.

Analysis of Shareholdings

04 May 2011

1. Authorised share capital : RM500,000,000
   Paid-up share capital : RM110,500,000
   Issued share capital : 221,000,000
   Class of shares : Ordinary shares of RM0.50 each
   Voting right : 1 vote per share

2. Distribution of shareholders

Size of holdings	No. of shareholders	No. of shares	%
Less than 100	5	104	0.00
100 to 1,000	283	258,900	0.12
1,001 to 10,000	1,420	7,935,400	3.59
10,001 to 100,000	506	16,794,000	7.60
100,001 shares to less than 5% of issued shares	72	63,956,592	28.94
5% and above of issued shares	3	132,055,004	59.75
TOTAL	2,289	221,000,000	100.00

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

Substantial Shareholders	No. of ordinary shares of RM0.50 held			
	Direct	%	Deemed	%
Amal Pintas Sdn Bhd	22,951,105	10.39	-	-
Siram Permai Sdn Bhd	89,250,001	40.38	-	-
Tah-Wah Sdn Bhd	19,853,898	8.98	-	-
Teh Kiak Seng	6,230,174	2.82	89,250,001 N1	40.38
Tsai Yung Chuan	-	-	22,951,105 N2	10.39
Tsai Chang Hsiu-Hsiang	-	-	22,951,105 N2	10.39
Tsai Chia Ling	-	-	22,951,105 N2	10.39
Dato' Hong Yeam Wah	-	-	19,853,898 N3	8.98

Notes :

N1 Deemed interested by virtue of his shareholdings in Siram Permai Sdn Bhd pursuant to section 6A of the Act.

N2 Deemed interested by virtue of his/her shareholdings in Amal Pintas Sdn Bhd pursuant to section 6A of the Act.

N3 Deemed interested by virtue of his shareholdings in Tah-Wah Sdn Bhd pursuant to section 6A of the Act.

Analysis of Shareholdings

04 May 2011

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

Directors	No. of ordinary shares of RM0.50 held			
	Direct	%	Deemed	%
Tsai Yung Chuan	-	-	22,951,105[N1]	10.39
Teh Kiak Seng	6,230,174	2.82	89,250,001[N2]	40.38
Teh Theng Theng	123,000	0.06	-	-
Thaw Yeng Cheong	50,000	0.02	250,000[N3]	0.11
Dato' Mohamad Nadzim Bin Shaari	-	-	-	-
Yeoh Chong Keat	-	-	-	-
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	500,000	0.23	-	-
Ong Eng Choon	143,000	0.06	-	-

Notes :

N1 Deemed interested by virtue of his shareholdings in Amal Pintas Sdn Bhd pursuant to section 6A of the Act.

N2 Deemed interested by virtue of his shareholdings in Siram Permai Sdn Bhd pursuant to section 6A of the Act.

N3 Deemed interested by virtue of his spouse shareholding in the Company.

30 Largest Shareholders

04 May 2011

List of 30 largest shareholders according to the Record of Depositors

Shareholders	No. of shares held	%
1. Siram Permai Sdn Bhd	89,250,001	40.38
2. Amal Pintas Sdn Bhd	22,951,105	10.39
3. Tah-Wah Sdn Bhd	19,853,898	8.98
4. Poh Chean Hung	8,945,412	4.05
5. Ng Lai Lai	7,395,234	3.35
6. Lembaga Tabung Angkatan Tentera	6,500,000	2.94
7. Koperasi Permodalan Felda Malaysia Berhad	5,000,000	2.26
8. Teh Kiak Seng	4,955,974	2.24
9. Sound Vantage Sdn Bhd	4,088,535	1.85
10. Teh Eng Bew	3,666,270	1.66
11. Lai Fook Hoy	1,732,176	0.78
12. HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Tan Koo Ching	1,500,000	0.68
13. Teh Kiak Seng	1,274,200	0.58
14. Viewpoint Style Sdn Bhd	1,170,077	0.53
15. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Suresh A/L Sammuggam (MARGIN)	1,111,000	0.50
16. Hanlow Holdings Sdn Bhd	1,000,000	0.45
17. Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Kheng Hup (KUCHING-CL)	1,000,000	0.45
18. Honour Symbol Sdn Bhd	862,926	0.39
19. Ooi Siew Hwa	778,000	0.35
20. Teoh Choo Ee	530,700	0.24
21. Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	500,000	0.23
22. Pen Harvest Sdn Bhd	500,000	0.23
23. Jagat Cerah Sdn Bhd	500,000	0.23
24. Kee Cheng Teik	500,000	0.23
25. Heng Lee And Company Sdn Berhad	500,000	0.23
26. Quah Tee Peng	489,700	0.22
27. Seto Chen & Sons Sdn Bhd	400,000	0.18
28. First Genesis Sdn Bhd	400,000	0.18
29. Zakaria Bin Yaacob	350,000	0.16
30. Mahcesy Sdn Bhd	342,130	0.15

Directors' Report and Statement

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended **31 December 2010.**

CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

On 10 May 2010, the Company was converted from a private limited company to a public company limited by shares and assumed its present name, Tambun Indah Land Berhad.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the its subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) attributable to:		
Owners of the parent	25,228,347	(17,272)
Minority interests	1,036,873	0
Profit/(Loss) for the financial year	26,265,220	(17,272)

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

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend for the current financial year.

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.

Directors' Report and Statement

ISSUE OF SHARES AND DEBENTURES

During the financial year:

(a) the Company increased its authorised share capital from RM100,000 to RM250,000,000 by the creation of additional 499,800,000 new ordinary shares of RM0.50 each; and

(b) the Company increased its issued and paid-up share capital from RM2 to RM94,500,000 by the allotment of 188,999,996 new ordinary shares of RM0.50 each at par. The shares were issued for the acquisition of subsidiaries, the details of which are set out in Note 8 to the financial statements. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any options to take up unissued shares of the Company under options. As at the end of the financial year, no unissued shares of the Company were under options.

Directors' Report and Statement

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Teh Kiak Seng	
Tsai Yung Chuan	(Appointed on 23 November 2010)
Teh Theng Theng	(Appointed on 23 November 2010)
Thaw Yeng Cheong	(Appointed on 23 November 2010)
Dato' Hong Yeam Wah	(Appointed on 23 November 2010)
Dato' Mohamad Nadzim Bin Shaari	(Appointed on 23 November 2010)
Ong Eng Choon	(Appointed on 23 November 2010)
Yeoh Chong Keat	(Appointed on 23 November 2010)
Tan Chin Yin	(Resigned on 24 November 2010)
Yeap Wan Ee	(Resigned on 24 November 2010)
Teh Theng Theng	(Revoked as Alternate Director for Teh Kiak Seng on 23 November 2010)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who are Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965, are as follows:

	Number of Ordinary Shares of RM 0.50 each			
	At 1-1-2010	Bought	Sold	At 31-12-2010
Shareholdings in the Company				
Direct interest				
Teh Kiak Seng	2	4,955,974	(2)	4,955,974
Indirect interest				
Teh Kiak Seng	0	89,250,001	0	89,250,001
Tsai Yung Chuan	0	34,001,105	0	34,001,105
Dato' Hong Yeam Wah	0	30,903,898	0	30,903,898

By virtue of his interest in the shares of the Company, Teh Kiak Seng is also deemed interest in the shares of the subsidiaries during the financial year to the extent that Tambun Indah Land Berhad has an interest, in accordance with Section 6A of the Companies Act 1965.

No other Director in office at the end of the financial year held or dealt in shares in the Company or its related corporations during the financial year.

Directors' Report and Statement

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed 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 he is a member, or with a company in which he has a substantial financial interest, except that the Directors received remuneration as directors of related corporations.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

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

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

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

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

(d) not otherwise dealt with in this report or financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

Directors' Report and Statement

OTHER STATUTORY INFORMATION (CONTINUED)

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 29 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

(a) The Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 18 January 2011 with the enlarged issued and fully paid-up share capital of 221,000,000 ordinary shares of RM0.50 each.

In relation to the listing exercise of the Company, a total of 32,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.70 per ordinary share by way of public issue were fully subscribed and alloted on 17 January 2011.

(b) On 26 January 2011, Epiland Properties Sdn Bhd, a wholly-owned subsidiary of Tambun Indah Land Berhad, had entered into a Sale and Purchase Agreement with Hussain Imam Bin Md Ismail and Ayesha Binti Mohamed Ismail, as executors of the Estate of KSM Ismail @ Mohamed Ismail, Deceased for the purchase of all those pieces of land known as Lot Nos. 31 and 3, Seksyen 1, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang held under Grant Nos. 2658 and 2659 respectively and measuring approximately 26,026 square metre and 8,778 square metre respectively for a total consideration of RM11.0 million.

(c) Tambun Indah Land Berhad has on 16 February 2011 entered into three (3) conditional share purchase agreements with the following parties:

(i) Siram Permai Sdn Bhd ("Siram Permai"), Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd, Alpha Master (M) Sdn Bhd and Teh Eng Bew for the proposed acquisition of 500,000 ordinary shares of RM1.00 each in Pridaman Sdn Bhd ("Pridaman") representing the entire issued and paid-up share capital of Pridaman for a cash consideration of RM4.65 million;

(ii) Siram Permai and Tah-Wah Sdn Bhd for the proposed acquisition of 250,000 ordinary shares of RM1.00 each in Premcourt Development Sdn Bhd ("Premcourt") representing the entire issued and paid-up share capital of Premcourt for a cash consideration of RM5.50 million; and

Directors' Report and Statement

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

(iii) Siram Permai and Siti Shikha Binti Zakaria for the proposed acquisition of 45,000 ordinary shares of RM1.00 each in Ikhtiar Bitara Sdn Bhd ("Ikhtiar Bitara")representing 45% of the issued and paid-up share capital of Ikhtiar Bitara for a cash consideration of RM1.46 million.

AUDITORS

The Auditors, UHY, retire and do not wish to seek for re-appointment. A resolution to appoint BDO will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board of Directors in accordance with their Resolution,

TEH KIAK SENG Director	TEH THENG THENG Director

Dated: 12 April 2011

Directors' Report and Statement

STATEMENT BY DIRECTORS

The Directors of **TAMBUN INDAH LAND BERHAD** (formerly known as Tambun Indah Land Sdn. Bhd.), state that, in their opinion, the financial statements set out on pages 56 to 102 are drawn up in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards 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 2010** and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 31 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 Disclosures 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.

Signed on behalf of the Board of Directors in accordance with their Resolution,

TEH KIAK SENG
Director

TEH THENG THENG
Director

Dated: 12 April 2011

Directors' Report and Statement

STATUTORY DECLARATION

I, **TEH KIAK SENG**, being the Director primarily responsible for the financial management of **TAMBUN INDAH LAND BERHAD** (formerly known as Tambun Indah Land Sdn. Bhd.), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 56 to 102 are 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 **TEH KIAK SENG**)
at Georgetown in the State of Penang)
this 12 April 2011)

TEH KIAK SENG

Before me,

Quah Keat Jin
No.:P092
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** (formerly known as Tambun Indah Land Sdn. Bhd.), which comprise the statements of financial position as at **31 December 2010** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 102.

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 Companies Act 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

Independent Auditors' Report to the Members of Tambun Indah Land Berhad

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and 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 2010** and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

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

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

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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.

Independent Auditors' Report to the Members of Tambun Indah Land 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.

UHY
No. AF-1411
Chartered Accountants

KOAY THEAM HOCK
No. 2141/04/13 (J)
Chartered Accountant

Penang

Dated: 12 April 2011

Statements Of Financial Position

as at 31 December 2010

	Note	GROUP 2010 RM	COMPANY 2010 RM	COMPANY 2009 RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	808,414	0	0
Land held for property development	6	52,327,965	0	0
Investment properties	7	8,925,000	0	0
Investment in subsidiary companies	8	0	94,499,998	0
Goodwill on acquisition	9	431,380	0	0
		62,492,759	94,499,998	0
CURRENT ASSETS				
Property development costs	10	64,839,578	0	0
Receivables, deposits and prepayments	11	58,451,270	8,329,329	0
Tax recoverable		2,254,549	0	0
Fixed deposits with licensed banks	12	11,675,262	0	0
Cash and bank balances	13	15,514,992	4,929	10,753
		152,735,651	8,334,258	10,753
TOTAL ASSETS		215,228,410	102,834,256	10,753
EQUITY AND LIABILITIES				
CURRENT LIABILITIES				
Payables	14	55,230,474	8,361,377	20,600
Loans and borrowings	15	18,404,195	0	0
Tax payable		2,103,928	0	0
		75,738,597	8,361,377	20,600
NET CURRENT ASSETS / (LIABILITIES)		76,997,054	(27,119)	(9,847)
NON-CURRENT LIABILITIES				
Loans and borrowings	15	4,664,619	0	0
Deferred tax liabilities	16	1,129,950	0	0
		5,794,569	0	0
TOTAL LIABILITIES		81,533,166	8,361,377	20,600
NET ASSETS / (LIABILITIES)		133,695,244	94,472,879	(9,847)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	17	94,500,000	94,500,000	2
Retained earnings / (Accumulated losses)		25,218,498	(27,121)	(9,849)
		119,718,498	94,472,879	(9,847)
Minority Interests		13,976,746	0	0
TOTAL EQUITY		133,695,244	94,472,879	(9,847)
TOTAL EQUITY AND LIABILITIES		215,228,410	102,834,256	10,753

The annexed notes form part of the financial statements.

Statements Of Comprehensive Income

for the financial year ended 31 December 2010

		GROUP	COMPANY	
		2010	2010	2009
	Note	RM	RM	RM
REVENUE	18	39,608,289	0	0
COST OF SALES		(27,549,804)	0	0
GROSS PROFIT		12,058,485	0	0
OTHER ITEMS OF INCOME				
Interest income	19	90,893	0	0
Other income	20	16,954,902	0	0
OTHER ITEMS OF EXPENSE				
Selling and distribution expenses		(491,469)	0	0
Administrative expenses		(200,905)	(17,272)	(2,150)
PROFIT / (LOSS) BEFORE TAX	21	28,411,906	(17,272)	(2,150)
Tax expense	23	(2,146,686)	0	0
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		26,265,220	(17,272)	(2,150)
Profit attributable to:				
Owners of the parent		25,228,347	(17,272)	(2,150)
Minority interests		1,036,873	0	0
		26,265,220	(17,272)	(2,150)
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS HOLDERS OF THE PARENT				
Basic earnings per share (sen)	24	97.44		

The annexed notes form part of the financial statements.

Statements Of Changes In Equity

for the financial year ended 31 December 2010

Group	NOTE	Share capital RM	Distributable (Accumulated loss)/Retained earnings RM	Equity attributable to owners of the parent RM	Minority interests RM	Total equity RM
At 1 January 2010		2	(9,849)	(9,847)	0	(9,847)
Issuance of shares for acquisition of subsidiary companies	17	94,499,998	0	94,499,998	12,939,873	107,439,871
Profit for the financial year		0	25,228,347	25,228,347	1,036,873	26,265,220
At 31 December 2010		94,500,000	25,218,498	119,718,498	13,976,746	133,695,244

Company	NOTE	Share capital RM	Accumulated losses RM	Total equity RM
At 1 January 2009		2	(7,699)	(7,697)
Loss for the financial year		0	(2,150)	(2,150)
At 31 December 2009		2	(9,849)	(9,847)
At 1 January 2010		2	(9,849)	(9,847)
Issuance of shares for acquisition of subsidiary companies	17	94,499,998	0	94,499,998
Loss for the financial year		0	(17,272)	(17,272)
At 31 December 2010		94,500,000	(27,121)	94,472,879

The annexed notes form part of the financial statements.

Statements Of Cash Flows

for the financial year ended 31 December 2010

	Group	Company	
	2010	2010	2009
	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax	28,411,906	(17,272)	(2,150)
Adjustments for:			
Depreciation	22,275	0	0
Bargain purchase	(16,912,529)	0	0
Net gain from fair value adjustment on investment properties	(25,765)	0	0
Interest income	(90,893)	0	0
Operating profit/(loss) before working capital changes	11,404,994	(17,272)	(2,150)
Land held for property development	(41,971,168)	0	0
Property development costs	5,761,253	0	0
Receivables, deposits and prepayments	(13,046,335)	(8,329,329)	0
Payables	29,092,505	8,340,777	0
	(8,758,751)	(5,824)	(2,150)
Interest received	90,893	0	0
Tax paid	(1,795,235)	0	0
Net cash flow from operating activities	(10,463,093)	(5,824)	(2,150)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(76,388)	0	0
Purchase of investment properties	(389,235)	0	0
Acquisition of subsidiary companies (Note 8)	39,706,549	0	0
Net cash flow from investing activities	39,240,926	0	0
CASH FLOW FROM FINANCING ACTIVITIES			
Changes of fixed deposits with licensed banks	(123,518)	0	0
Net repayment of bank borrowings	(4,714,905)	0	0
Net cash flow from financing activities	(4,838,423)	0	0
NET CHANGE IN CASH AND CASH EQUIVALENTS	23,939,410	(5,824)	(2,150)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,753	10,753	12,903
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23,950,163	4,929	10,753
Represented by:			
Analysis of cash and cash equivalents:			
Fixed deposits with licensed banks (Note 12)	11,551,744	0	0
Cash and bank balances (Note 13)	15,514,992	4,929	10,753
Less : Bank overdraft (Note 15)	(3,116,573)	0	0
	23,950,163	4,929	10,753

The annexed notes form part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2010

1. GENERAL INFORMATION

The Company is principally involved in investment holding.

The principal activities of the/its subsidiary companies are disclosed in Note 8 to the financial statements.

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 April 2011.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards in Malaysia.

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 disclosed in the summary of significant accounting policies.

(a) Standards, amendments to published standards and interpretations that are effective

Prior to 1 January 2010, the Company adopted Private Entity Reporting Standards in Malaysia. On 1 January 2010, the Company adopted the following Financial Reporting Standards ("FRSs"), amended FRSs and Issues Committee Interpretations ("IC Interpretations") mandatory for financial periods beginning on or after 1 January 2010.

FRSs, amendments to FRSs and IC Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 1 and FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 2	Share-based Payment
Amendments to FRS 2	Share-based Payment Vesting Conditions and Cancellations
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
FRS 8	Operating Segments

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

FRSs, amendments to FRSs and IC Interpretations (continued)

FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 107	Statement of Cash Flows (formerly known as Cash Flow Statements)
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Reporting Period (formerly known as Events after the Balance Sheet Date)
FRS 112	Income Taxes
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 123	Borrowing Costs
FRS 124	Related Party Disclosures
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation (formerly known as Financial Instruments: Disclosure and Presentation)
Amendments to FRS 132	Financial Instruments: Presentation
FRS 133	Earnings Per Share
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property
Amendments to FRSs	Improvement to FRSs (2009)
IC Interpretation 9 and Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

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

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 *Segment Reporting,* specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group’s major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including related revised comparative information, are shown in Note 28 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital (see Note 27).

The revised FRS 101 was adopted retrospectively by the Company.

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Company has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. There is no effect arising from adoption of this Standard.

(b) Standards and Interpretations issued but not yet effective

At the date of authorisation for issue of these financial statements, the following FRSs, amendments to FRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:

FRSs, amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
FRS 3	Business Combinations	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 March 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to FRSs	Improvement to FRSs (2010)	1 January 2011
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 4	Determining Whether an Arrangement contains a Lease	1 January 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfer of Assets from Customers	1 January 2011

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. BASIS OF PREPARATION (CONTINUED)

(b) Standards and interpretations issued last not yet effective (continued)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the Amendments to FRS 127, IC Interpretation 15 and the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of IC Interpretation 15 is disclosed below.

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

IC Interpretation 15 Agreements for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Company currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Company may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Company is in the process of making an assessment of the impact of this Interpretation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statements of financial position. The accounting policy for goodwill is set out in Note 3.2. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquire are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

3.2 Intangible asset

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Air conditioner	10%
Computer	20%
Furniture and fittings and office equipment	10% - 20%
Motor vehicles	20%
Renovation	10%

The residual values, useful life and depreciation method are reviewed at each financial year end 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, to have and the net carrying amount is recognised in profit or loss.

3.4 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investment properties (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

3.5 Subsidiaries

A subsidiary is an entity over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Group's separate financial statements, investment in subsidiary is accounted for at cost less any impairment losses.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

3.6 Property development activities

(i) Land held for property development

Land held for property development consists of land on which no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditure. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses.

Land held for property development is transferred to 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.

(ii) Property development costs

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

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Property development activities (continued)

(ii) Property development costs (continued)

When the financial outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. 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 costs. When the financial outcome of the development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense when incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately. Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is shown as accrued billings within receivables and the excess of billings to purchasers over revenue recognised in profit or loss is shown as progress billings within payables.

3.7 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits, the balance is classified as amount due to customers on contracts.

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Inventories

Inventories represent completed properties held for sales and are stated at the lower of cost and net realisable value. Cost consist of the cost of land and all direct building costs and other related development costs common to the whole project, including interest expense directly related to finance the development.

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.

3.9 Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

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

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets (continued)

(ii) Loans and receivables (continued)

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group’s and the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets (continued)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commits to purchase or sell the asset.

3.10 Cash and cash equivalents

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

Fixed deposits with licensed banks which are pledged as security for banking facilities are not included as cash and cash equivalents.

3.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party of the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair values through profit or loss or other financial liabilities.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial liabilities (continued)

(ii) Other financial liabilities

The Group's other financial liabilities include trade payables, other payables and loans and borrowings.

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, of the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.12 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.13 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares and redeemable preference shares with discretionary dividends which are redeemable at the discretion of the Group are classified as equity.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the financial year in which they are declared.

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Income tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is 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 tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

3.15 Revenue recognition

Revenue from sales of properties is accounted for by the stage of completion method as described in Note 3.6.

Revenue from construction contract is accounted for by percentage of completion method as described in Note 3.7.

Rental income is recognised upon on an accrual basis and parking fee is recognised based on a receipt basis.

Interest income is recognised on a time proportion basis.

Distribution of income from marketable securities is recognised when the right to receive payment is established.

3.16 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amount of their assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in used, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in profit or loss immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

Notes to the Financial Statements

for the financial year ended 31 December 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Impairment of assets

The Group assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group consider factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

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

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

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

3.18 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's contributions to the defined contribution plans, known as Employees Provident Fund ("EPF") are charged to profit or loss in the financial year to which they relate.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Notes to the Financial Statements

for the financial year ended 31 December 2010

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(i) Income taxes

Significant judgement is required in determining capital allowances, deductibility of certain expenses and the chargeability of certain income during the estimation of the provision for income taxes. In determining the tax treatment, the Directors have relied upon industry practice and experts opinion. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Property development

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

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

(iii) Construction contracts

The Group recognises contract profits based on the stage of completion method. The stage of completion of a construction contract is determined based on the proportion that the contract costs incurred for work performed to-date bear to the estimated total costs for the contract. When it is probable that the estimated total contract costs of a contract will exceed the total contract revenue of the contract, the expected loss on the contract is recognised as an expense immediately.

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

The Group has estimated total contract revenue based on the initial amount of revenue agreed in the contract and variation in the contract work and claims that can be measured reliably based on the latest available information, and in the absence of such, the Directors best estimates derived from reasonable assumptions, experience and judgement.

Where the actual approved variations and claims differs from the estimates, such differences will impact the contract profits/losses recognised.

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iv) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Notes to the Financial Statements

for the financial year ended 31 December 2010

5. PROPERTY, PLANT AND EQUIPMENT [2010 ONLY]

Group	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Air conditioner RM	Renovation RM	Total RM
At cost						
At 1 January	0	0	0	0	0	0
Acquisition of subsidiary companies (Note 8)	123,584	492,370	723,460	17,530	0	1,356,944
Additions	0	0	0	0	76,388	76,388
At 31 December	123,584	492,370	723,460	17,530	76,388	1,433,332
Accumulated depreciation						
At 1 January	0	0	0	0	0	0
Acquisition of subsidiary companies (Note 8)	59,014	283,526	255,136	4,967	0	602,643
Current charge	5,366	7,821	8,796	292	0	22,275
At 31 December	64,380	291,347	263,932	5,259	0	624,918
Net carrying amount						
At 31 December	59,204	201,023	459,528	12,271	76,388	808,414

Notes to the Financial Statements

for the financial year ended 31 December 2010

6. LAND HELD FOR PROPERTY DEVELOPMENT [2010 ONLY]

	Group RM
At 1 January	0
Acquisition of subsidiary companies (Note 8)	
- Freehold land, at cost	9,598,016
- Development costs	758,781
	10,356,797
Add: Cost incurred during the financial year	
- Freehold land, at cost	40,249,440
- Development costs	1,721,728
	41,971,168
At 31 December	52,327,965

Freehold land of the Group with carrying value of RM40,249,440 are pledged as securities for borrowings (Note 15).

7. INVESTMENT PROPERTIES [2010 ONLY]

	Group RM
Fair value	
At 1 January	0
Acquisition of subsidiary companies on fair value (Note 8)	8,510,000
Additions from acquisition	389,235
Net gain from fair value adjustment	25,765
At 31 December	8,925,000
Rental income from investment properties	81,192
Direct operating expenses arising from investment properties	
- Rental generating properties	9,602
- Non-rental generating properties	552

The Group's investment property of RM389,235 were revalued on 22 December 2010 by an independent professional qualified valuer. Valuations were based on current prices in an active market for all properties.

Notes to the Financial Statements

for the financial year ended 31 December 2010

8. INVESTMENT IN SUBSIDIARY COMPANIES [2010 ONLY]

	Company RM
Unquoted shares, at cost	94,499,998

a) Details of the subsidiary companies

Name of subsidiary companies	Place of incorporation	Effective interest 2010	Principal activities
Cenderaman Development Sdn. Bhd.	Malaysia	100%	Property development
Denmas Sdn. Bhd.	Malaysia	100%	Project and construction management
Denmas Development Sdn. Bhd.	Malaysia	100%	Property development
Epiland Properties Sdn. Bhd.	Malaysia	100%	Property development
Hong Hong Development Sdn. Bhd.	Malaysia	100%	Property development
Intanasia Development Sdn. Bhd.	Malaysia	100%	Property development
Jasnia Sdn. Bhd.	Malaysia	100%	Property development
Juru Heights Sdn. Bhd.	Malaysia	100%	Property development
Langstone Sdn. Bhd.	Malaysia	100%	Investment holding and operation of car park
Perquest Sdn. Bhd.	Malaysia	100%	Property development
Tokoh Edaran Sdn. Bhd.	Malaysia	100%	Construction management
Tambun Indah Sdn. Bhd.	Malaysia	100%	Property development
Tambun Indah Development Sdn. Bhd.	Malaysia	70%	Property development
TID Development Sdn. Bhd.	Malaysia	100%	Property development
TKS Land Sdn. Bhd.	Malaysia	100%	Investment holding
Zipac Development Sdn. Bhd.	Malaysia	50%	Property development
Held through TKS Land Sdn. Bhd.:			
CBD Land Sdn. Bhd.	Malaysia	50%	Property development

Notes to the Financial Statements

for the financial year ended 31 December 2010

8. INVESTMENT IN SUBSIDIARY COMPANIES [2010 ONLY] (CONTINUED)

b) Acquisition of subsidiary companies (Continued)

On 11 November 2010, the Company acquired the following subsidiary companies with details as shown below:

Name of subsidiary companies	Effective interest 2010	Purchase consideration RM	By way of issuance of new ordinary shares at RM 0.50 each No. of shares
Cenderaman Development Sdn. Bhd.	100%	3,991,350	7,982,700
Denmas Sdn. Bhd.	100%	1,789,024	3,578,048
Denmas Development Sdn. Bhd.	100%	4,994,056	9,988,112
Epiland Properties Sdn. Bhd.	100%	504,292	1,008,584
Hong Hong Development Sdn. Bhd.	100%	5,950,384	11,900,768
Intanasia Development Sdn. Bhd.	100%	4,222,661	8,445,322
Jasnia Sdn. Bhd.	100%	8,499,242	16,998,484
Juru Heights Sdn. Bhd.	100%	11,726,244	23,452,488
Langstone Sdn. Bhd.	100%	8,386,323	16,772,646
Perquest Sdn. Bhd.	100%	10,395,297	20,790,594
Tokoh Edaran Sdn. Bhd.	100%	3,595,522	7,191,044
Tambun Indah Sdn. Bhd.	100%	1,447,283	2,894,566
Tambun Indah Development Sdn. Bhd.	70%	17,720,331	35,440,662
TID Development Sdn. Bhd.	100%	4,000,000	8,000,000
TKS Land Sdn. Bhd.	100%	4,800,002	9,600,004
Zipac Development Sdn. Bhd.	50%	2,477,987	4,955,974

Notes to the Financial Statements

for the financial year ended 31 December 2010

8. INVESTMENT IN SUBSIDIARY COMPANIES [2010 ONLY] (CONTINUED)

b) Acquisition of subsidiary companies (Continued)

i) The fair values of the identified assets and liabilities arising from the acquisitions are as follows:

	Fair value recognised on acquisitions RM	Acquiree's carrying amount RM
Non-current assets		
Property, plant and equipment (Note 5)	754,301	754,301
Land held for property development (Note 6)	10,356,797	10,356,797
Investment properties (Note 7)	8,510,000	8,510,000
	19,621,098	19,621,098
Current assets		
Property development cost (Note 10)	70,600,831	68,606,523
Receivables, deposits and prepayments	45,404,935	45,404,935
Tax recoverable	2,730,080	2,730,080
Fixed deposits with licensed banks	14,534,825	14,534,825
Cash and bank balances	29,686,953	29,686,953
	162,957,624	160,963,316
Non-current liabilities		
Payables	(26,117,369)	(26,117,369)
Bank overdraft	(4,515,229)	(4,515,229)
Loans and borrowings	(24,667,146)	(24,667,146)
Tax payable	(3,022,508)	(3,022,508)
Deferred tax liabilities (Note 16)	(335,450)	(335,450)
	(58,657,702)	(58,657,702)
Fair value of net assets	123,921,020	
Less: Minority interests	(12,939,873)	
Group's share of net assets	110,981,147	
Goodwill on acquisition (Note 9)	431,380	
Bargain purchase	(16,912,529)	
Total cost of acquisition	94,499,998	

The cash inflow on the acquisitions are as follows:

Cash and cash equivalent of subsidiary companies acquired	39,706,549
Cash inflow of the Company on acquisitions	39,706,549

ii) The effect of the acquisitions on the financial results of the Group from the date of acquisition to 31 December 2010 are as follows:

	RM
Revenue	39,608,289
Profit for the financial year	26,282,492

Notes to the Financial Statements

for the financial year ended 31 December 2010

9. GOODWILL ON ACQUISITION [2010 ONLY]

	Group RM
Cost	
At 1 January	0
Acquisition of subsidiary companies (Note 8)	431,380
At 31 December	431,380
Impairment	
At 1 January/ 31 December	0
Net carrying amount	
At 1 January/ 31 December	431,380

Impairment tests of goodwill

Goodwill arising from business combinations has been allocated to two individual cash-generating units ("CGU") for impairment testing as follows:

- Property development
- Construction

The carrying amounts of goodwill allocated to each CGU are as follows:

	Property development RM	Construction RM
Goodwill	415,446	15,934

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

(i) Key assumptions used

The recoverable amount of a CGU is determined based on higher of fair value less costs to sell and value-in-use. The value-in-use calculations are based on the discounted net cash projections based on financial budgets at a discount rate of 2% below the banks' base lending rates.

(ii) Sensitivity analysis

With regard to the assessment of value-in-use and fair value less cost to sell, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

Notes to the Financial Statements

for the financial year ended 31 December 2010

10. PROPERTY DEVELOPMENT COSTS [2010 ONLY]

	Group RM
At 1 January	0
Acquisition of subsidiary companies (Note 8)	
- Freehold land, at cost	92,817,858
- Development costs	189,673,204
	282,491,062
Add: Costs incurred during the financial year	
- Freehold land, at cost	0
- Development costs	14,818,551
	297,309,613
Less:	
- Allowance for foreseeable losses	(8,480)
- Costs eliminated due to completion of project	(66,588,312)
At 31 December	230,712,821
Cost recognised in profit or loss:	
At 1 January	0
Acquisition of subsidiary companies (Note 8)	(211,890,231)
Recognised during the financial year	(20,571,324)
Costs eliminated due to completion of project	66,588,312
At 31 December	(165,873,243)
At 31 December	64,839,578

Included in the property development costs incurred during the financial year are as follows:

	RM
Directors of the Company	
Executive Directors	
Directors' remuneration (Note 22)	
- other emoluments	69,000
Directors of the Subsidiary Companies	
Executive Directors	
Directors' remuneration (Note 22)	
- other emoluments	21,103
Staff costs (exclude Directors' remuneration)	8,468
Interest on bank overdraft	9,648
Interest on bridging loan	95,063
Interest on term loan	305,735

Freehold land of the Group with carrying value of RM37,731,394 are pledged as securities for borrowings (Note 15).

Included in Directors' remuneration and staff costs of the Group are contributions to a defined contribution plan amounting to RM11,250 and RM900 respectively.

Notes to the Financial Statements

for the financial year ended 31 December 2010

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	Company	
	2010	2010	2009
	RM	RM	RM
Trade receivables	14,582,292	0	0
Non-trade receivables	171,667	0	0
Accrued billings in respect of property development costs	18,898,593	0	0
Amount owing by customers	22,493,342	0	0
Amount owing by a subsidiary company	0	7,000,000	0
Deposits	174,554	0	0
Prepayments	2,130,822	1,329,329	0
	58,451,270	8,329,329	0

a) Trade receivables

The credit terms of trade receivables given by the Group are non-interest bearing and are generally on 30 days term. They are recognised at their original invoice 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
	2010
	RM
Neither past due nor impaired	11,409,977
1 to 30 days past due not impaired	1,731,090
31 to 60 days past due not impaired	138,760
61 to 90 days past due not impaired	470,021
More than 91 days past due not impaired	832,444
	14,582,292

Receivables that are neither past due nor impaired

Included in trade receivables that are neither past due nor impaired is an amount of RM2,376,126 maintained under stakeholders' sum.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,172,315 that are past due at the reporting date but not impaired.

Notes to the Financial Statements

for the financial year ended 31 December 2010

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

b) Amount owing by customers

The amount owing by customers are represented by:

	Group 2010 RM
Construction contract costs	64,350,398
Attributable profits	26,022,873
	90,373,271
Progress billings	(67,879,929)
	22,493,342

Included in the contract expenditure incurred during the financial year are as follows:

	RM
Directors of the Company	
Executive Directors	
Directors' remuneration (Note 22)	
- other emoluments	245,740
Staff costs (exclude Directors' remuneration)	207,786

Included in Directors' remuneration and staff costs of the Group are contributions to a defined contribution plan amounting to RM30,240 and RM21,751 respectively.

c) Amount owing by a subsidiary company

The amount owing by a subsidiary company is non-trade in nature, unsecured, non-interest bearing and is repayable on demand.

12. FIXED DEPOSITS WITH LICENSED BANKS [2010 ONLY]

Included in the fixed deposits is an amount of RM123,518 pledged as securities for bank guarantees granted to the Group.

The effective interest rates for the fixed deposits with licensed banks range from 2.00% to 2.95% per annum. The short-term deposits are maturing by January 2011.

Notes to the Financial Statements

for the financial year ended 31 December 2010

13. CASH AND BANK BALANCES

	Group 2010 RM	Company 2010 RM	Company 2009 RM
Cash and bank balances	12,456,367	4,929	10,753
Housing Development Accounts	3,058,625	0	0
	15,514,992	4,929	10,753

Cash and bank balances include balances amounting to RM3,058,625 maintained under the Housing Development Account pursuant to the Housing Development (Control and Licensing) Act 1966 and Housing Development (Housing Development Account) Regulations 1991 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of the housing development projects and fulfilling all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects.

14. PAYABLES

	Group 2010 RM	Company 2010 RM	Company 2009 RM
Trade payables	19,121,510	0	0
Non-trade payables	34,609,795	0	0
Progress billings in respect of property development costs	131,146	0	0
Amount owing to Directors	0	0	20,000
Amount owing to shareholders	0	20,000	0
Amount owing to subsidiary companies	0	8,329,877	0
Accruals	550,083	11,500	600
Deposits received	817,940	0	0
	55,230,474	8,361,377	20,600

a) Trade payables

The credit terms of trade payables granted to the Group are generally on 30 days term.

Included in trade payables of the Group is retention sum on contracts amounting to RM12,373,070.

b) Amount owing to shareholders and amount owing to subsidiary companies

The amount owing to shareholders and amount owing to subsidiary companies are non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

Notes to the Financial Statements

for the financial year ended 31 December 2010

15. LOANS AND BORROWINGS [2010 ONLY]

	Group RM
Current	
Secured	
Bank overdraft	3,116,573
Bridging loans	12,852,241
Term loans	2,435,381
	18,404,195
Non-Current	
Secured	
Term loans	4,664,619
Total loans and borrowings	23,068,814

The remaining maturities of the loans and borrowings as at 31 December 2010 are as follows:

	Group RM
Within 1 year	2,435,381
More than 1 year and less than 5 years	4,664,619
	7,100,000

The bank borrowings are covered by way of:

a) Legal charge over the Group's development land as disclosed in Note 6 and Note 10 to the financial statements;
b) Corporate guarantee by Mutiara Goodyear Development Berhad; and
c) Joint and several guarantee by the Directors.

The interest rates per annum during the financial year for bank borrowings are as follows:

	Group %
Bank overdraft	6.80
Bridging loans	7.30
Term loans	4.06 - 5.80

Notes to the Financial Statements

for the financial year ended 31 December 2010

16. DEFERRED TAX LIABILITIES [2010 ONLY]

	Group RM
At 1 January	
Acquisition of subsidiary companies (Note 8)	0
Recognised in profit or loss (Note 23):	335,450
- property, plant and equipment	
- property development costs	(3,500)
- underprovision in respect of prior financial year	797,800
At 31 December	200
	1,129,950
Subject to income tax:	
Deferred tax liabilities (before offsetting)	
Property, plant and equipment	2,450
Property development costs	1,272,300
	1,274,750
Offsetting	(144,800)
Deferred tax liabilities (after offsetting)	1,129,950
Deferred tax assets (before offsetting)	
Property development costs	
	144,800
	144,800
Offsetting	(144,800)
Deferred tax assets (after offsetting)	0

The estimated amount of deferred tax asset calculated at the applicable tax rate which has not been recognised in the financial statements are as follows:

	Group RM
Property, plant and equipment	(4,020)
Property development costs	78,940
Unabsorbed tax losses	61,170
	136,090
Subject to income tax:	
Deferred tax assets (before offsetting)	
Property, plant and equipment	4,080
Property development costs	1,623,400
Unabsorbed tax losses	61,170
	1,688,650
Offsetting	(1,552,560)
Deferred tax assets (after offsetting)	136,090
Deferred tax liabilities (before offsetting)	
Property, plant and equipment	8,100
Property development costs	1,544,460
	1,552,560
Offsetting	(1,552,560)
Deferred tax liabilities (after offsetting)	0

Notes to the Financial Statements

for the financial year ended 31 December 2010

17. SHARE CAPITAL

	Group/Company		Group/Company	
	2010 No. of shares	2009 No. of shares	2010 RM	2009 RM
Authorised				
Ordinary shares of RM0.50 each				
At 1 January	200,000	200,000	100,000	100,000
Created during the financial year	499,800,000	0	249,900,000	0
At 31 December	500,000,000	200,000	250,000,000	100,000
Issued and fully paid				
Ordinary shares of RM0.50 each				
At 1 January	4	4	2	2
Issued for acquisition of subsidiary companies (Note 8)	188,999,996	0	94,499,998	0
At 31 December	189,000,000	4	94,500,000	2

18. REVENUE [2010 ONLY]

	Group RM
Property development revenue	27,818,410
Construction contract revenue	11,691,867
Rental income	81,192
Operation of car park	16,820
	39,608,289

19. INTEREST INCOME [2010 ONLY]

	Group RM
Interest income from:	
- financial institution	55,844
- loans and receivables	35,049
	90,893

20. OTHER INCOME [2010 ONLY]

	Group RM
Administrative charges	110
Bargain purchase	16,912,529
Deposit forfeited	11,500
Upgrading works	4,998
Net gain from fair value adjustment of investment properties	25,765
	16,954,902

Notes to the Financial Statements

for the financial year ended 31 December 2010

21. PROFIT/(LOSS) BEFORE TAX

	Group 2010 RM	Company 2010 RM	Company 2009 RM
Profit/(Loss) before tax is arrived at after charging:			
Audit fee			
- current year	55,500	12,000	600
- overprovision in respect of prior financial year	(2,800)	0	0
Depreciation	22,275	0	0
Directors' remuneration (Note 22)			
- other emoluments	110,400	0	0
Rental of automatic parking machine	2,000	0	0
Rental of premises	52,330	0	0
Staff costs (exclude Directors' remuneration)	288,300	0	0

Included in staff costs of the Group are contributions to a defined contribution plan amounting to RM28,302.

22. DIRECTORS' REMUNERATION [2010 ONLY]

	Group RM
Directors of the Company	
Executive Directors	
Salaries and other emoluments	120,000
Bonus	251,500
Defined contribution plan	53,640
	425,140
Less:	
- capitalised in property development costs (Note 10)	(69,000)
- capitalised in construction costs (Note 11)	(245,740)
Total executive directors' remuneration (excluding benefits-in-kind) (Note 21)	110,400
Estimated money value of benefits-in-kind	3,211
Total executive directors' remuneration (including benefits-in-kind)	113,611
Directors of the Subsidiary Companies	
Executive Directors	
Salaries and other emoluments	10,103
Bonus	8,750
Defined contribution plan	2,250
	21,103
Less:	
- capitalised in property development costs (Note 10)	(21,103)
Total executive directors' remuneration (excluding benefits-in-kind) (Note 21)	0

Notes to the Financial Statements

for the financial year ended 31 December 2010

22. DIRECTORS' REMUNERATION [2010 ONLY] (CONTINED)

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 2010
Executive Directors	
RM50,001 - RM100,000	1
RM100,001 - RM150,000	1
RM150,001 - RM200,000	0
RM200,001 and above	1

23. TAX EXPENSE

	Group	Company	
	2010	2010	2009
	RM	RM	RM
The major components of the tax expense are:			
Current tax expense based on profit for the financial year	1,352,185	0	0
Underprovision of taxation in respect of prior financial year	1	0	0
	1,352,186	0	0
Deferred taxation (Note 16):			
- relating to origination and reversal of temporary differences	794,300	0	0
- underprovision in respect of prior financial year	200	0	0
	2,146,686	0	0
Reconciliation of tax expense and accounting profit/(loss):			
Accounting profit/(loss) before tax	28,411,906	(17,272)	(2,150)
Tax at the applicable tax rate of 25%	7,103,000	(4,300)	(540)
Tax effect of:			
- income not subject to tax	(4,566,470)	0	0
- expenses not deductible for tax purposes	26,750	0	210
- different tax rate for first RM500,000 of chargeable income	6,835	0	0
Permanent loss not recognised during the financial year	3,400	4,300	330
Underprovision of taxation in respect of prior financial year	1	0	0
Deferred tax assets not recognised during the financial year	6,670	0	0
Underprovision of deferred taxation in respect of prior financial year	200	0	0
Utilisation of deferred tax assets previously not recognised	(433,700)	0	0
Tax expense for the financial year	2,146,686	0	0

The Malaysian Budget 2008 introduced a single tier income tax system with effect from year of assessment 2008. Companies without Section 108 tax credit will automatically move to the new single tier dividend system on 1 January 2008 whilst companies with tax credit are given an irrevocable option to switch to the new system during the transitional period of six years. All the companies will be in the new system on 1 January 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of the shareholders.

Notes to the Financial Statements

for the financial year ended 31 December 2010

24. EARNINGS PER SHARE [2010 ONLY]

Basic earnings per share of the Group is calculated by dividing the profit, net of tax, attributable to ordinary equity holders of the Company for the financial year over the weighted average number of ordinary shares in issue during the financial year.

	Group RM
Profit, net of tax, attributable to equity holders of the Company	25,228,347
Weighted average number of ordinary shares in issue (units)	25,890,414
Basic earnings per share (sen)	97.44

25. FINANCIAL INSTRUMENTS

A. Categories of financial instruments

	Group	Company	
	2010	2010	2009
	RM	RM	RM
Loans and receivables			
Trade receivables	14,582,292	0	0
Non-trade receivables	171,667	0	0
Accrued billings in respect of property development costs	18,898,593	0	0
Amount owing by customers	22,493,342	0	0
Amount owing by a subsidiary company	0	7,000,000	0
Deposits	174,554	0	0
Fixed deposits with licensed banks	11,675,262	0	0
Cash and bank balances	15,514,992	4,929	10,753
	83,510,702	7,004,929	10,753
Financial liabilities carried at amortised cost			
Payables	55,230,474	8,361,377	20,600
Loans and borrowings	23,068,814	0	0
	78,299,288	8,361,377	20,600

B. Fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Receivables, deposits and prepayments (current)	11
Payables (current)	14
Loans and borrowings (current)	15

Notes to the Financial Statements

for the financial year ended 31 December 2010

25. FINANCIAL INSTRUMENTS (CONTINUED)

B. Fair value of financial instruments (continued)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, 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 reporting date.

The carrying amount of the current portion of term loan is reasonable approximation of fair value due to the insignificant impact of discounting.

The fair value of current term loan is estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending arrangement at the reporting date.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and Executive Directors.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken execpt for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company does not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s and the Company’s financial instruments will fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Interest rates of bank borrowings are mainly subject to fluctuations in the banks' base lending rates.

(b) 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's exposure to credit risk arises primarily from trade receivables. For other financial assets, cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Notes to the Financial Statements

for the financial year ended 31 December 2010

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

The Group's and 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, 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.

Furthermore, it is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, 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.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 11.

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Notes to the Financial Statements

for the financial year ended 31 December 2010

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Group As at 31.12.2010 RM		
	On demand or within one year	One to five years	Total
Financial liabilities			
Payables	55,230,474	0	55,230,474
Loans and borrowings	18,404,195	4,664,619	23,068,814
Total undiscounted financial liabilities	73,634,669	4,664,619	78,299,288

At the reporting date, approximately 80% of the Group's loans and borrowings (Note 15) will mature in less than one year based on the carrying amount reflected in the financial statements.

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. 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 objective, policies or processes during the financial year ended 31 December 2010 and financial year ended 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company policy is to keep low gearing ratio. The Group includes within net debt, loans and borrowings less fixed deposits with licensed banks, cash and bank balances. Capital includes equity attributable to the owners of the parent.

Notes to the Financial Statements

for the financial year ended 31 December 2010

27. CAPITAL MANAGEMENT (CONTINUED)

	Group 2010 RM
Loans and borrowings	
Bank overdraft	3,116,573
Bridging loans	12,852,241
Term loans	7,100,000
	23,068,814
Less: Fixed deposits with licensed banks	(11,675,262)
Cash and bank balances	(15,514,992)
Net debt	(4,121,440)
Equity attributable to owners of the parent	119,718,498
Capital and net debt	115,597,058
Gearing ratio	-4%

28. SEGMENTAL REPORTING - GROUP

(a) Business Segments

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments 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.

Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profit which, in certain respects as explained in the table below, is measured differently from operating profit in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements

for the financial year ended 31 December 2010

28. SEGMENTAL REPORTING - GROUP (CONTINUED)

(a) Business Segments (continued)

	Investment holding RM	Property development RM	Construction and project management RM	Elimination RM	Note	Group RM
2010						
Revenue:						
External revenue	98,012	27,818,410	11,691,867	0		39,608,289
Inter-segment	32,230	0	1,106,487	(1,138,717)	A	0
Total revenue	130,242	27,818,410	12,798,354	(1,138,717)		39,608,289
Results:						
Interest income	583	88,472	1,838	0		90,893
Net gain from fair value adjustment on investment properties	25,765	0	0	0		25,765
Depreciation	240	6,445	37,590	(22,000)		22,275
Segment profit	73,264	7,813,929	3,612,184	16,912,529	B	28,411,906
Assets:						
Additions to non-current assets	389,235	41,971,168	76,388	0	C	42,436,791
Segment assets	12,772,714	173,031,431	28,992,885	431,380	D	215,228,410
Segment liabilities	6,804,801	61,880,098	12,848,267	0		81,533,166

Notes to the Financial Statements

for the financial year ended 31 December 2010

28. SEGMENTAL REPORTING - GROUP (CONTINUED)

(a) Business Segments (continued)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidation financial statements.

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidation statement of comprehensive income:

	2010 RM
Bargain purchase	16,912,529

C Additions to non-current assets consist of:

	2010 RM
Property, plant and equipment (Note 5)	76,388
Land held for property development (Note 6)	41,971,168
Investment properties (Note 7)	389,235
	42,436,791

D The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2010 RM
Goodwill on acquisition (Note 9)	431,380

(b) Geographical Segments

The segmental financial information by geographical segments is not presented as the Group's activities are mainly carried out in Malaysia.

Notes to the Financial Statements

for the financial year ended 31 December 2010

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Company during the financial year are as follows:

(a) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Siram Permai Sdn. Bhd. and Tah-Wah Sdn. Bhd. ("vendors"), respectively, the entire issued and paid up share capital of Cenderaman Development Sdn. Bhd., comprising 4,000,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM3,991,350 to be fully satisfied by way of issuance of 7,982,700 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(b) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Amal Pintas Sdn. Bhd., Siram Permai Sdn. Bhd., Sound Vantage Sdn. Bhd., Tah-Wah Sdn. Bhd. and Teh Eng Bew ("vendors"), respectively, the entire issued and paid up share capital of Denmas Development Sdn. Bhd., comprising 5,000,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM4,994,056 to be fully satisfied by way of issuance of 9,998,112 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(c) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Amal Pintas Sdn. Bhd., Siram Permai Sdn. Bhd. and NLE Electrical Engineering Sdn. Bhd. ("vendors"), respectively, the entire issued and paid up share capital of Denmas Sdn. Bhd., comprising 1,800,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM1,789,024 to be fully satisfied by way of issuance of 3,578,048 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(d) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Amal Pintas Sdn. Bhd., Siram Permai Sdn. Bhd., Sound Vantage Sdn. Bhd. and Teh Eng Bew ("vendors"), respectively, the entire issued and paid up share capital of Epiland Properties Sdn. Bhd., comprising 250,100 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM504,292 to be fully satisfied by way of issuance of 1,008,584 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(e) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Siram Permai Sdn. Bhd., Tah-Wah Sdn. Bhd. and Viewpoint Style Sdn. Bhd. ("vendors"), respectively, the entire issued and paid up share capital of Hong Hong Development Sdn. Bhd., comprising 1,000,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM5,950,384 to be fully satisfied by way of issuance of 11,900,768 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(f) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Siram Permai Sdn. Bhd., Tah-Wah Sdn. Bhd. and Sound Vantage Sdn. Bhd. ("vendors"), respectively, the entire issued and paid up share capital of Intanasia Development Sdn. Bhd., comprising 1,550,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM4,222,661 to be fully satisfied by way of issuance of 8,445,322 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

Notes to the Financial Statements

for the financial year ended 31 December 2010

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(g) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Amal Pintas Sdn. Bhd., Siram Permai Sdn. Bhd., Sound Vantage Sdn. Bhd., Lai Fook Hoy and Teh Eng Bew ("vendors"), respectively, the entire issued and paid up share capital of Juru Heights Sdn. Bhd., comprising 1,000,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM11,726,244 to be fully satisfied by way of issuance of 23,452,488 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(h) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Siram Permai Sdn. Bhd. and Tah-Wah Sdn. Bhd. ("vendors"), respectively, the entire issued and paid up share capital of Jasnia Sdn. Bhd., comprising 5,770,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM8,499,242 to be fully satisfied by way of issuance of 16,998,484 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(i) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Poh Chean Hung and Ng Lai Lai ("vendors"), respectively, the entire issued and paid up share capital of Langstone Sdn. Bhd., comprising 2,782,380 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM8,386,323 to be fully satisfied by way of issuance of 16,772,646 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(j) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Alpha Master (M) Sdn. Bhd., Amal Pintas Sdn. Bhd., Mahcesy Sdn. Bhd., Siram Permai Sdn. Bhd., Sound Vantage Sdn. Bhd. and Teh Eng Bew ("vendors"), respectively, the entire issued and paid up share capital of Perquest Sdn. Bhd., comprising 1,250,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM10,395,297 to be fully satisfied by way of issuance of 20,790,594 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(k) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Amal Pintas Sdn. Bhd., Honour Symbol Sdn. Bhd., Siram Permai Sdn. Bhd., Sound Vantage Sdn. Bhd., Lai Fook Hoy and Teh Eng Bew ("vendors"), respectively, the entire issued and paid up share capital of Tokoh Edaran Sdn. Bhd., comprising 1,000,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM3,595,522 to be fully satisfied by way of issuance of 7,191,044 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(l) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Amal Pintas Sdn. Bhd., Siram Permai Sdn. Bhd., Sound Vantage Sdn. Bhd., Tah-Wah Sdn. Bhd. and Teh Eng Bew ("vendors"), respectively, the entire issued and paid up share capital of TID Development Sdn. Bhd., comprising 4,000,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM4,000,000 to be fully satisfied by way of issuance of 8,000,000 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

Notes to the Financial Statements

for the financial year ended 31 December 2010

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(m) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Amal Pintas Sdn. Bhd., Siram Permai Sdn. Bhd. and Tah-Wah Sdn. Bhd. ("vendors"), respectively, the entire issued and paid up share capital of Tambun Indah Development Sdn. Bhd., comprising 700,000 ordinary shares of RM1 each, 350,000 redeemable preference shares (Series A) of RM1 each and 17,050,497 redeemable preference shares (Series B) of RM1 each from the vendors, for a total purchase consideration of RM17,720,331 to be fully satisfied by way of issuance of 35,440,662 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(n) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Alpha Master (M) Sdn. Bhd., Amal Pintas Sdn. Bhd., Mahcesy Sdn. Bhd., Siram Permai Sdn. Bhd., Sound Vantage Sdn. Bhd. and Teh Eng Bew ("vendors"), respectively, the entire issued and paid up share capital of Tambun Indah Sdn. Bhd., comprising 1,000,000 ordinary shares of RM1 each from the vendors, for a total purchase consideration of RM1,447,283 to be fully satisfied by way of issuance of 2,894,566 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(o) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Siram Permai Sdn. Bhd. ("vendor") the entire issued and paid up share capital of TKS Land Sdn. Bhd., comprising 4,800,002 ordinary shares of RM1 each from the vendor, for a total purchase consideration of RM4,800,002 to be fully satisfied by way of issuance of 9,600,004 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

(p) On 11 November 2010, the Company entered into a conditional Share Sale Agreement dated 15 May 2010 to acquire from Ir. Teh Kiak Seng ("vendor") the entire issued and paid up share capital of Zipac Development Sdn. Bhd., comprising 250,000 ordinary shares of RM1 each, 2,200,000 redeemable preference shares of RM1 each from the vendor, for a total purchase consideration of RM2,477,987 to be fully satisfied by way of issuance of 4,995,974 new ordinary shares of RM0.50 each in the capital of the Company, at an issue price of RM0.50 per one new ordinary share and upon such terms and conditions therein.

30. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

(a) The Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 18 January 2011 with the enlarged issued and fully paid-up share capital of 221,000,000 ordinary shares of RM0.50 each.

In relation to the listing exercise of the Company, a total of 32,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.70 per ordinary share by way of public issue were fully subscribed and alloted on 17 January 2011.

(b) On 26 January 2011, Epiland Properties Sdn. Bhd., a wholly-owned subsidiary of Tambun Indah Land Berhad, had entered into a Sale and Purchase Agreement with Hussain Imam Bin Md Ismail and Ayesha Binti Mohamed Ismail, as executors of the Estate of KSM Ismail @ Mohamed Ismail, Deceased for the purchase of all those pieces of land known as Lot Nos. 31 and 3, Seksyen 1, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang held under Grant Nos. 2658 and 2659 respectively and measuring approximately 26,026 square metre and 8,778 square metre respectively for a total consideration of RM11.0 million.

Notes to the Financial Statements

for the financial year ended 31 December 2010

30. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

(c) Tambun Indah Land Berhad has on 16 February 2011 entered into three (3) conditional share purchase agreements with the following parties:

(i) Siram Permai Sdn Bhd ("Siram Permai"), Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd, Alpha Master (M) Sdn Bhd and Teh Eng Bew for the proposed acquisition of 500,000 ordinary shares of RM1.00 each in Pridaman Sdn Bhd ("Pridaman") representing the entire issued and paid-up share capital of Pridaman for a cash consideration of RM4.65 million;

(ii) Siram Permai and Tah-Wah Sdn Bhd for the proposed acquisition of 250,000 ordinary shares of RM1.00 each in Premcourt Development Sdn Bhd ("Premcourt") representing the entire issued and paid-up share capital of Premcourt for a cash consideration of RM5.50 million; and

(iii) Siram Permai and Siti Shikha Binti Zakaria for the proposed acquisition of 45,000 ordinary shares of RM1.00 each in Ikhtiar Bitara Sdn Bhd ("Ikhtiar Bitara") representing 45% of the issued and paid-up share capital of Ikhtiar Bitara for a cash consideration of RM1.46 million.

31. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

	Group 2010 RM
Total retained earnings of the Company and its subsidiaries	
- realised	9,074,704
- unrealised	16,143,794
Retained earnings as per financial statements	25,218,498

32. CAPITAL COMMITMENTS [2010 ONLY]

	Group RM
Approved and contracted for:	
- Development land	59,982,255

33. COMPARATIVE FIGURES

No comparative figures of the Group are available as this is the first set of consolidated financial statements prepared by the Company.

The comparative figures of the Company are in respect of the financial year ended 31 December 2009.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Kapur Room, Level 1, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang, Malaysia on Friday, 24 June 2011 at 10.00 am for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of Directors and Auditors thereon. **Please refer to Note 7**

2. To re-elect the following Directors retiring pursuant to Article 93 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

i)	Tsai Yung Chuan	**Ordinary Resolution 1**
ii)	Teh Theng Theng	**Ordinary Resolution 2**
iii)	Thaw Yeng Cheong	**Ordinary Resolution 3**
iv)	Dato' Mohamad Nadzim Bin Shaari	**Ordinary Resolution 4**
v)	Yeoh Chong Keat	**Ordinary Resolution 5**
vi)	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	**Ordinary Resolution 6**

3. To record the retirement of Ong Eng Choon, who is not seeking for re-election pursuant to Article 93 of the Company's Articles of Association as a Director of the Company. **Please refer to Note 8**

4. To appoint Messrs. BDO as auditors of the Company in place of the retiring auditors, Messrs. UHY, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

5. 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.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Secretaries

Penang
Date : 02 June 2011

Notice Of Annual General Meeting

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 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, 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 NOTES 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 and hence, Agenda 1 is not put forward for voting.

8. Agenda 3 is to record the retirement of Ong Eng Choon, who is not seeking for re-election as a Director of the Company pursuant to Article 93 of the Company's Articles of Association and hence, Agenda 3 is not put forward for voting. Upon Ong Eng Choon's retirement at the Annual General Meeting, Ong Eng Choon will cease to be the Chairman of the Audit Committee and members of the Remuneration and Nomination Committee.

9. The Company had received a notice from a shareholder pursuant to Section 172(11) of the Companies Act, 1965 for the nomination of Messrs. BDO, who have given their consent to act, for appointment as the auditors of the Company at the forthcoming Annual General Meeting. A copy of the Letter of Nomination is attached herewith.

   Messrs. UHY, the retiring auditors had indicated that they are not seeking for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

   The Directors have confirmed that there were no disgreements with Messrs. UHY on accounting treatments within the last 12 months and that there are no other circumstances connected with the change of auditors that should be brought to the attention of shareholders.

Notice Of Annual General Meeting

ANNUAL REPORT 2010

10. The Annual Report 2010 is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within four (4) market days from the date of receipt of the verbal or written request. A copy of the Annual Report can also be downloaded at www.tambunindah.com

    Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Noor-Zihan Nordin, telephone no.: 03-2173 8888 or email your request to zihan.nordin@midf.com.my

Letter of Nomination of Auditors

TAN BOON LAI
6 Solok Bunga Tanjung
12300 Butterworth

Date : 01 April 2011

The Board of Directors
Tambun Indah Land Berhad
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Dear Sirs,

NOMINATION OF MESSRS. BDO FOR APPOINTMENT AS AUDITORS

I, being a shareholder of Tambun Indah Land Berhad, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs. BDO for appointment as auditors of the Company in place of the retiring auditors, Messrs. UHY who had indicated that they do not wish to seek for re-appointment as auditors of the Company at the forthcoming Annual General Meeting of the Company.

Thank you.

Yours faithfully,

Signed
TAN BOON LAI

Proxy Form

TAMBUN INDAH LAND BERHAD
(Company No. 810446-U)
Incorporated in Malaysia

*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 Third Annual General Meeting of the Company to be held at Kapur Room, Level 1, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang, on Friday, 24 June 2011 at 10.00 am, and at any adjournment thereof.

ORDINARY RESOLUTIONS	1	2	3	4	5	6	7
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 .... 2011.

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 Inducstry 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, the Proxy Form, duly completed must be deposited at the Registered Office of the Company, 51-21- A Menara BHL Bank, Jalan Suitan 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.

*strike out whichever is not desired.

Fold this flag sealing

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Stamp

The Company Secretary

Tambun Indah Land Berhad
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

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Tambun Indah Land Berhad
(Company No. 810446-U)

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