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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.

Tambun Indah Group has been the pioneer in bringing innovative property concepts in Mainland Penang, including the first gated and guarded community of Taman Tambun Indah, and the first gated strata landed homes of Palm Villas. This has also led to the Group typically enjoying full take-up rates for its properties.

Tambun Indah Group’s portfolio of completed/ongoing projects thus far includes Juru Heights and Pearl City townships, Casa Impian and Casa Permai in Mainland Penang, as well as Scotland Villas in Penang Island. To date, Tambun Indah Group has launched more than 4,700 units of mainly residential properties in Penang, with total GDV exceeding RM1.41 billion.

Corporate Information







Board of Directors	
Non-independent Non-executive Chairman	Tsai Yung Chuan
Managing Director	Teh Kiak Seng
Executive Director	Teh Theng Theng
Executive Director	Thaw Yeng Cheong
Independent Non-executive Director	Yeoh Chong Keat
Independent Non-executive Director	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Independent Non-executive Director	Lai Fook Hoy
Audit Committee	
Audit Committee Chairman	Yeoh Chong Keat
Audit Committee Member	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Audit Committee Member	Lai Fook Hoy
Remuneration Committee	
Remuneration Committee Chairman	Lai Fook Hoy
Remuneration Committee Member	Teh Kiak Seng
Remuneration Committee Member	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Nomination Committee	
Nomination Committee Chairman	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Nomination Committee Member	Tsai Yung Chuan
Nomination Committee Member	Yeoh Chong Keat
Company Secretaries	
	Lee Peng Loon
	Png Chiew Keem
Registered Office	51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel : 604 210 8833 Fax : 604 210 8831
Business Address	12-01 Penthouse Wisma Pantai Jalan Wisma Pantai Kampung Gajah 12200 Butterworth Penang Tel: 604-324 0088 Fax: 604-324 0090 Website: www.tambunindah.com
Auditors	BDO (AF 0206) Chartered Accountants 51-21-F Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang
Principal Bankers	OCBC Bank (Malaysia) Berhad Malayan Banking Berhad Public Bank Berhad
Share Registrar	Equiniti Services Sdn Bhd (Company No. 11324-H) Level 8, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel: 603-2166 0933 Fax: 603-2166 0688
Stock Exchange Listing	Main Market Of Bursa Malaysia Securities Berhad

Corporate Structure




Tambun Indah Land Berhad

Subsidiary Companies

100%		Cenderaman Development Sdn. Bhd.	Property development	
100%		Denmas Sdn. Bhd.	Project and construction management	
100%		Denmas Development Sdn. Bhd.	Property development	
100%		Epiland Properties Sdn. Bhd.	Property development	
100%		Hong Hong Development Sdn. Bhd.	Property development	
100%		IntanAsia Development Sdn. Bhd.	Property development	
100%		Jasnia Sdn. Bhd.	Property development	
100%		Juru Heights Sdn. Bhd.	Property development	
100%		Langstone Sdn. Bhd.	Investment holding and operation of car park	
100%		Perquest Sdn. Bhd.	Property development	
100%		Premcourt Development Sdn. Bhd.	Property development	
100%		Pridaman Sdn. Bhd.	Property development	
100%		Tokoh Edaran Sdn. Bhd.	Construction management	
100%		Tambun Indah Sdn. Bhd.	Property development	
100%		TID Development Sdn. Bhd.	Property development	
100%		TKS Land Sdn. Bhd.	Investment holding	
		50% 	CBD Land Sdn. Bhd.	Property development
		50% 	Ascension Sdn. Bhd.	Property development
70%		Tambun Indah Development Sdn. Bhd.	Property development	
60%		Palmington Sdn. Bhd.	Property development	
50%		Zipac Development Sdn. Bhd.	Property development	

Associated Company

45%		Ikhtiar Bitara Sdn. Bhd.	Property development
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Financial Highlights

As our Group only formed on 11 November 2010, the financial highlights were prepared based on the assumptions that our Group has been in existence from 1 January 2007 onwards.

Summarised Group Statement of Comprehensive Income

	Financial Year Ended 31 December				Audited 2011 RM'000
	Proforma				
	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	
Revenue	97,078	126,045	100,873	128,058	191,844
Gross Profit	26,701	37,803	32,267	39,407	61,243
Profit Before Tax	26,999	34,461	30,018	36,168	46,761
Net Profit Attributable to Equity Holders	19,559	23,508	23,866	25,218	23,379

Summarised Group Financial Position

	Audited 2011 RM'000	Audited 2010 RM'000
Total non-current assets	100,167	62,493
Total current assets	222,018	152,735
Total assets	322,185	215,228
Share capital	110,500	94,500
Share premium	6,400	-
Retained earnings	38,431	25,218
Shareholders' equity	155,331	119,718
Non-controlling interests	32,033	13,977
Total non-current liabilities	74,832	5,794
Total current liabilities	59,989	75,739
	322,185	215,228
Net assets per share (RM)	0.70	0.63

Financial Analysis

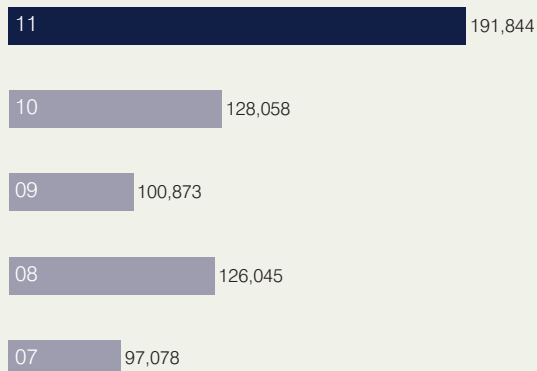
	2007	2008	2009	2010	2011
Gross Profit Margin	27.50%	29.99%	31.99%	30.77%	31.92%
Profit Before Tax Margin	27.81%	27.34%	29.76%	28.24%	24.37%
Net Profit Margin	20.15%	18.65%	23.66%	19.69%	12.19%
				2011	2010
Cash and bank balances (RM'000)				39,291	27,190
Total borrowings (RM'000)				77,952	23,069
Gearing (net of cash)				24.89%	Net Cash

Financial Highlights (Cont'd)

As our Group only formed on 11 November 2010, the financial highlights were prepared based on the assumptions that our Group has been in existence from 1 January 2007 onwards.

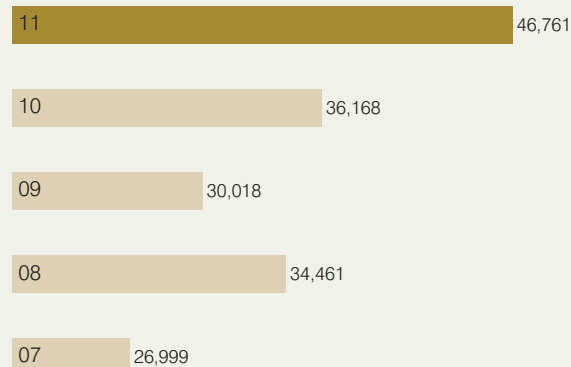
Revenue

(RM' 000)



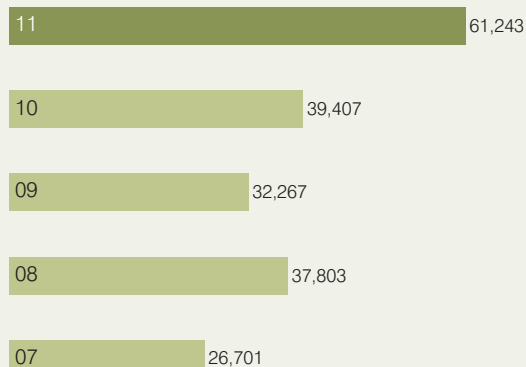
Profit Before Tax

(RM' 000)



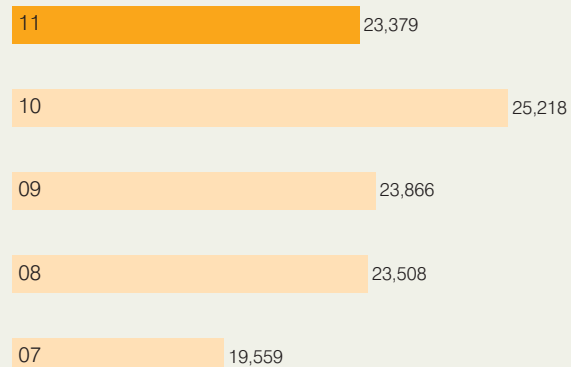
Gross Profit

(RM' 000)



Net Profit Attributable to Equity Holders

(RM' 000)



Chairman's Message



Dear Shareholders,

On behalf of the Board of Directors of Tambun Indah, I am pleased to present to you the Annual Report 2011 and the audited financial statements for the financial year ended 31 December 2011 (FY2011).

FY2011 was a good year for the Malaysian property market as a whole. According to data from the Valuation and Property Services Department of the Ministry of Finance, the number of transactions rose 14.3% to 430,403 in FY2011 while values climbed 28.3% to RM137.8 billion, driven mainly by the residential property segment.

The Penang property market also enjoyed uptrends throughout the year, with rising demand for both developments on the island as well as on the mainland, where most of Tambun Indah's land bank is located.

In fact, according to a report by Henry Butcher Malaysia, the first half of 2011 saw the number of transactions in Seberang Perai grow by 74.3% to 9,679 while values rose 66.3% to RM2.6 billion when compared to same period in 2010.

Financial Performance

Being in the right place and the right time, and with the right products attuned to buyers' lifestyles, the Group was able to tap into this rising demand for property in Penang. As a result, we were able to continue to build upon what we achieved in FY2010.

Revenue rose 49.8% to RM191.8 million from RM128.1 million previously – a record-high in Tambun Indah's corporate history. In terms of property sales performance, the Group sold 912 units of properties; more than double that of the 396 sold in FY2010.

More than half of those sales came from the various projects in our flagship Pearl City project, with other developments also launched in the fourth quarter of 2010 and 2011, like Tanjung Heights, Dahlia Park and Impian Residence, contributing significantly.

Alongside the higher top line, Tambun Indah's gross profit increased 55.4% to RM61.2 million from RM39.4 million in FY2010, which reflected the firmer prices and strong demand for our properties.

The Group saw a broader operating expenditure (OPEX) base resulting from more projects undertaken, as well as one-off RM2.7 million listing expenses from our listing on the Main Market of Bursa Malaysia in January 2011.

Tambun Indah's strong revenue growth enabled profit before tax to rise by a healthy 29.3% to RM46.8 million from RM36.2 million previously while profit after tax climbed 28.1% to RM33.7 million from RM26.3 million in the same period last year. Profit after tax and minority interest, however, slipped 7.1% to RM23.4 million from RM25.2 million a year ago, due largely to the increased minority interest.

Basic earnings per share dipped 7.0% to 10.6 sen versus 11.4 sen in FY2010, based on Tambun Indah's share capital of 221 million ordinary shares of RM0.50 par each.



Chairman's Message (Cont'd)

Statement of Financial Position remained healthy with net gearing of 0.25 time, contrary to a net cash position in FY2010. While total borrowings have increased 237.9% to RM78.0 million from RM23.1 million previously, due mainly to loans taken to purchase additional land banks, cash and bank balances stood at RM39.3 million, up 44.5% from RM27.2 million last year. Shareholders' equity was up from RM119.72 million in FY2010 to RM155.3 million in FY2011.

We are generally pleased at how Tambun Indah did in FY2011 and how well the Group was able to benefit from the rising demand for Mainland Penang property. Going forward, we believe our strong fundamentals and the opportunities inherent within the market provide a strong cornerstone from which we can build upon.

Dividends

As Tambun Indah has committed itself to a progressive dividend policy of paying 40% to 60% of the Group's net profits to our shareholders as dividends, we are proposing a first and final tax exempt dividend of 3.8 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2011.

This is subject to the shareholders' approval at the Group's forthcoming Annual General Meeting.

Corporate Developments

- Acquiring Pridaman Sdn Bhd ("Pridaman")

On 27 July 2011, the Company completed the acquisition of 500,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of Pridaman for total cash consideration of RM4.65 million.

This acquisition resulted in the increase of our land bank and project GDV by 8.7 acres and RM35.8 million respectively.

- Acquiring a 45% stake in Ikhtiar Bitara Sdn Bhd ("Ikhtiar Bitara")

On 9 August 2011, the Company completed the acquisition of 45,000 ordinary shares of RM1.00 each, representing 45% of the issued and paid up share capital of Ikhtiar Bitara for total cash consideration of RM1.46 million. Following the acquisition, the Group would stand to benefit from the profit and cash flow contributions from Ikhtiar Bitara in the near future, with the estimated gross development profit attributable to the proposed development project amounting to approximately RM6.0 million.

- Acquiring Premcourt Development Sdn Bhd ("Premcourt")

On 22 September 2011, the Company acquired 250,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of Premcourt for total cash consideration of RM5.5 million, where RM5.0 million was paid to Messrs. Siram Permai Sdn. Bhd. and Tah-Wah Sdn. Bhd. (collectively referred to as the "Premcourt Vendors") in accordance with the Premcourt Vendors' respective shareholding proportions, on the completion date. It was agreed that the balance of RM500,000 would be paid to Premcourt Vendors within seven days from the date Premcourt obtained the planning permission and/or development order in respect of the project.

On 19 March 2012, Premcourt had obtained planning permission/development order from the local authorities. Thus, the Company had on 22 March 2012 paid the balance of RM500,000 to the Vendors accordance to their respective shareholding proportions.

This acquisition effectively increased our project GDV by RM180 million, and the project is expected to be launched in FY2012.



Chairman's Message (Cont'd)

- Acquiring a 60% stake in Palmington Sdn Bhd ("Palmington")

On 4 May 2011, the Company successfully acquired a 60% stake in Palmington, comprising 3.5 million ordinary shares of RM1 each, for a purchase consideration of RM3.5 million.

On the same day, Palmington entered into a master agreement with Pembangunan Bandar Mutiara Sdn Bhd ("PBM") to buy 526.8 acres of undeveloped land in Simpang Ampat, Penang, for RM233.2 million. PBM holds a 40% stake in Palmington.

This corporate exercise resulted in our project GDV increasing by RM2.2 billion.

- Investment into Ascention Sdn Bhd ("Ascention")

On 29 December 2011, Tambun Indah wholly-owned subsidiary TKS Land Sdn Bhd acquired 50% stake in property developer Ascention for a price consideration of RM200,000. The acquisition was in line with our strategy to enhance the Group's profit.

This acquisition resulted in our land bank in Bukit Mertajam, Penang increasing by 3.9 acres.

- Rights issue

On 19 January 2012, the Group proposed a corporate exercise that would involve the issuance of 88.4 million new ordinary shares of RM0.50 each and 44.2 million free detachable warrants, on a two rights shares plus one free warrant for every five existing shares basis.

This exercise, which was expected to raise a minimum of RM44.2 million to partly fund our Pearl City and other development projects, will increase Tambun Indah's share capital to RM154.7 million, comprising of 309.4 million shares of RM0.50 par value.

Similarly, an employees' share option scheme ("ESOS") of up to 5%, or 17.7 million new shares, of the issued and paid-up share capital for eligible persons of the Group was also proposed.

The corporate exercise has been approved by Tambun Indah's shareholders at a recent Extraordinary General Meeting, pending the approval of the Securities Commission and other regulatory bodies.



- Perquest Sdn Bhd ("Perquest") enters into Butterworth development joint venture

On 2 April 2012, the Group's wholly-owned subsidiary Perquest entered into a joint venture agreement with landowners of a 3.26 acre plot of land in Butterworth, Penang, with intention to develop commercial and residential property worth an estimated GDV of RM37.5 million.

Future Outlook

Penang's economy has been growing strongly over the past few years. According to data from the Malaysian Government, in 2010 the state was the top investment destination in the country, attracting RM12.2 billion in investments.

Last year, according to the Malaysian Investment Development Authority (MIDA), the state was second behind Sarawak in terms of total investment, or RM14.0 billion, but first in the country in terms of approved manufacturing investment, or RM9.1 billion.

The Penang success story, together with tourism and Malaysia My Second Home (MM2H) initiatives over the past few years, have resulted in a spillover benefit for the state's property market, with demand and prices on an uptrend.

The relatively affordable property prices in Mainland Penang, the state's burgeoning industrial sector and the positive buzz generated by improving transportation infrastructure have resulted in a rising trend of population shift from the island to the mainland.

Chairman's Message (Cont'd)



As a property developer with a most of our land bank in Mainland Penang, we are poised to benefit from such a scenario.

However, opportunities only turn into rewards if they are grasped firmly. To that extent, our flagship Pearl City project, strategically located in Seberang Perai Selatan, will help us tap into such opportunities.

At the same time, the Group's latest project on Penang Island, Straits Garden, highlights our desire to seek out new land banks to add to our portfolio.

Tambun Indah will continue to seek out more opportunities in the state as we look to tap into the Penang success story. We will also be open to other opportunities outside of the state as and when they arise.

Corporate Governance

The Board remains committed to upholding best practices of corporate governance within the Group to protect shareholders' value and create sustainable earnings for the Tambun Indah Group.

These measures are detailed in the Corporate Governance Disclosure in this Annual Report.

Appreciation

On behalf of the Board, I would like to record my gratitude to my fellow Directors, management and the staff of Tambun Indah Group for their commitment and hard work in enabling us to achieve an outstanding financial year.

At this point in time, I would like to welcome Taufiq Ahmad @ Ahmad Mustapha Ghazali and Lai Fook Hoy to the Board of Directors as Independent and Non-Executive Directors.

I would also like to pay tribute to former Non-Independent and Non-Executive Director Dato' Hong Yeam Wah, and Independent and Non-Executive Directors Ong Eng Choon and Dato' Mohamad Nadzim Shaari, who have left the Board to move on to new ventures. We wish them all the best.

Finally, I would also like to thank our shareholders, business associates, regulatory authorities and customers for their trust and confidence in the Group.

Thank you.

Tsai Yung Chuan
Chairman

Managing Director's Message



“ In FY2011, Tambun Indah's property sales more than doubled to 912 units sold – with a total sales value of RM347.3 million – from only 396 units worth RM137.1 million in FY2010.

Significantly, more than 67% of the units sold came from new launches in 2011, indicating buyers' continued acceptance of our product offerings.”

The global headwinds impacted the Malaysian economy in 2011, resulting in a dip in gross domestic product (GDP) growth to 5.1% from 7.2% in 2010, according to the Malaysian Institute of Economic Research (MIER).

Nevertheless, the domestic property sector remained largely resilient, spurred by continued economic development and the steadily-growing population.

In Penang, the rising local and foreign investments became major pull factors in attracting more skilled workers and expatriates into the state. This not only resulted in the growing affluence of the community at large, but also in pushing up property prices, particularly in land-scarce Penang Island. Consequently, more people began to seek out more affordable high-quality property alternatives in Mainland Penang.

As most of our developments are on the Mainland, Tambun Indah has benefited from this positive trend, which has translated into healthy sales for the Group in the year under review.

Operations Review

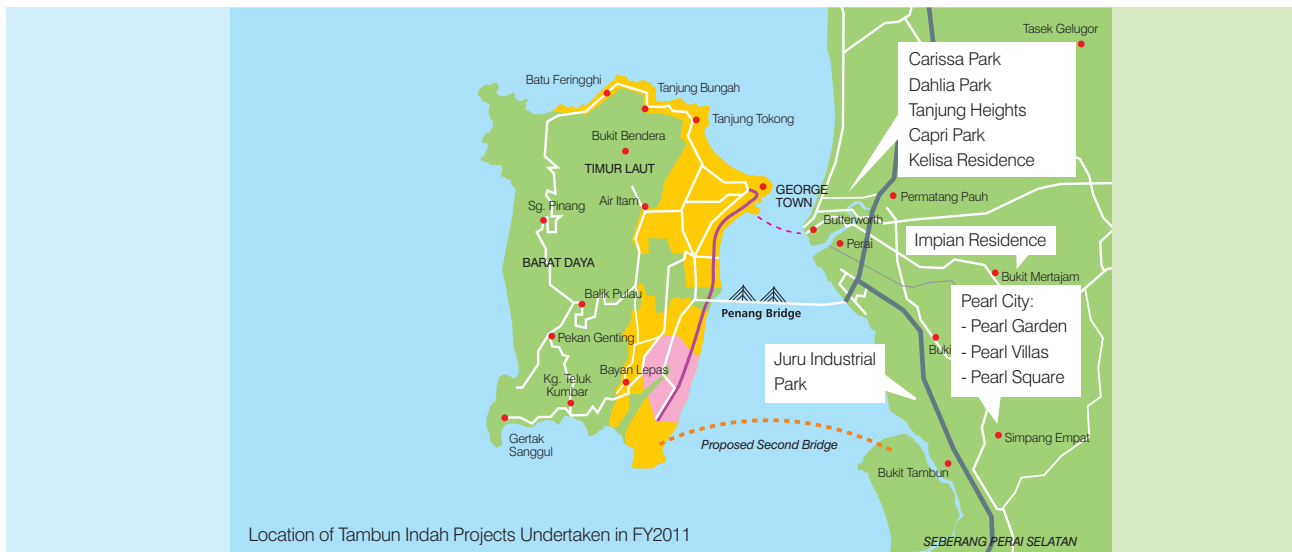
In FY2011, Tambun Indah's property sales more than doubled to 912 units sold – with a total sales value of RM347.3 million – from only 396 units worth RM137.1 million in FY2010.

Significantly, more than 67% of the units sold came from new launches in 2011, indicating buyers' continued acceptance of our product offerings.



Managing Director's Message (Cont'd)

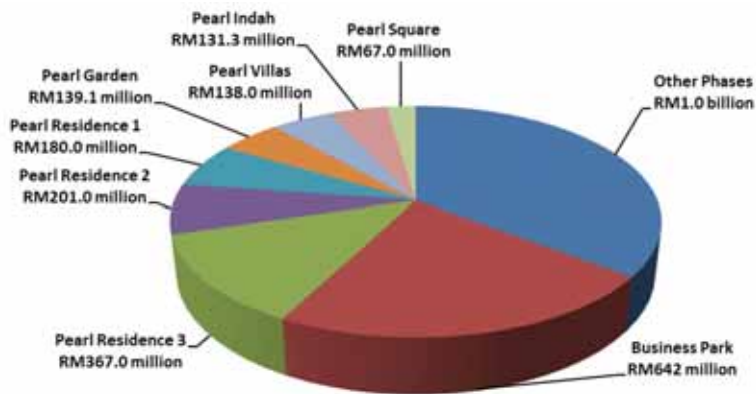
The Group undertook 10 projects in FY2011, with an estimated total GDV of RM629.3 million.



- **Simpang Ampat**

Pearl City

Total estimated GDV : RM2.9 bil



Our flagship development of Pearl City, located in Simping Ampat, is also Mainland Penang's first integrated city. With an estimated total GDV of RM2.9 billion, it is the largest mixed development project that the Group has undertaken to date.

Pearl City lies in a fast-growing development, with more than 12 industrial parks within a 15km radius, and close proximity to existing and upcoming transportation networks, including the Second Penang Bridge, and the electrified double track commuter train. We believe that its strategic location is a major attraction for those looking to live there or to access its facilities.

The Group launched and developed 3 projects in Pearl City in the year under review, namely Pearl Garden – consisting of two-storey bungalows, semi-Ds and terraces; Pearl Villas – featuring two-storey bungalows, semi-Ds and terraces; and Pearl Square – with its two-storey shop offices. Both Pearl Garden & Pearl Villas are landed strata schemes with security systems and community-living facilities in place.

We are pleased that these projects have done well. Pearl Garden, which was launched in November 2009, has seen 96% take-up rate as at end-March 2012, while Pearl Villas and Pearl Square – which were launched in FY2011 – have recorded take-up rates of 80% and 68% respectively.

Managing Director's Message (Cont'd)

• *Butterworth*

Butterworth, the principal town in Seberang Perai, is also the location of the Penang Port and the upcoming Penang Sentral integrated transportation hub. The Group had undertaken 5 projects in Butterworth in FY2011 to progress alongside the ongoing development.

In November 2009, we started our first high-rise project in Butterworth, namely Carissa Park, a 144-unit apartment block. As at end-March 2012, it has achieved 97% take-up rate.

Subsequently, in November 2010, we launched Dahlia Park, a condominium and two-storey shop offices mixed development, which has an estimated GDV of RM45.2 million. As of end-March 2012, it has seen an 86% take-up rate.

To maintain the momentum – and to meet growing demand – Tambun Indah launched three projects in FY2011, namely Tanjung Heights – a condominium and shop offices mixed development; Capri Park – an apartments and shop offices mixed development; and Kelisa Residence – a project comprising two-storey semi-Ds and an apartment block.

As at end-March 2012, the take-up rates for Tanjung Heights and Capri Park stood at 84% and 72% respectively. And although Kelisa Residence was only launched in November 2011, it registered strong take-up rate of 51% within five months; reflecting strong end-user appetites for quality properties.



• *Bukit Mertajam*

To tap into the opportunities within Bukit Mertajam, Tambun Indah launched Impian Residence in November 2010. The development, with GDV of RM43.7 million, consists of 32 two-storey semi-Ds and 100 two-storey terraces homes. As of 31 March 2012, about 85% of the units have been taken-up.



Managing Director's Message (Cont'd)



• Juru

In May 2011, the Group launched the Juru Industrial Park development, consisting of 22 industrial factory units with a total estimated GDV of RM35.8 million. More than 86% of the units have been taken up for a total property sales value of RM30.4 million.

Given that Juru is currently surrounded by mature industrial parks like the Perai Industrial Estate and the Penang Science Park, we believe that the development of our Juru Industrial Park is timely and in line with increasingly-demanding requirements of emerging enterprises.

Growth Strategies

We at Tambun Indah are buoyant of the Group's future outlook, in light of the growing pull factors of Mainland Penang properties, unabated investment trend, and the Government's pro-business policies to bring about economic vibrancy in the state.

Therefore, the Group will remain steadfast in developing our current projects to completion, as well as launch new projects to tap into the opportunities in the Penang property market.

Pearl City, of course, will remain the catalyst for our long-term growth. In addition to launching other residential phases, we are also committed to developing Pearl City Business Park, a 107-acre commercial centre that aims to cater to the growing demand for entertainment, lifestyle, healthcare and educational choices.

To this end, our subsidiary Palmington Sdn Bhd had recently inked a Memorandum of Understanding (MOU) with education provider SIS Charter Sdn Bhd to develop a Straits International School campus within Pearl City Business Park. The international school – also the first in Mainland Penang – aims to offer Cambridge international curricula to school-going children between the ages of 7 and 16, and is targeted to handle between 800 to 1,200 students when it opens its doors in 2014.

Managing Director's Message (Cont'd)



Our vision is to have a fully-integrated commercial centre in Pearl City, with facilities like retail outlets, hypermarkets, hotel, hospital, alfresco dining and other operators for the enjoyment of the residents of Pearl City and the surrounding vicinities.

Further to that, the Group would continue to expand our land bank to create new pockets of growth and sustain our operations for the long term. The Group currently has a total land bank size of 753.7 acres in Penang, mostly on the Mainland, that is expected to last us until 2020.

Conclusion

The strategies highlighted above, together with our strong fundamentals and attractive developments, reflect the optimism that Tambun Indah will be able to tap into the tremendous potential in the Penang property sector in the coming years.

With your continued support, valued shareholders, we can fulfil our target of becoming a strong property developer in the domestic market.

Thank you.

Ir. Teh Kiak Seng
Managing Director



Directors' Profile

Tsai Yung Chuan

Non-Independent Non-Executive Chairman

Tsai Yung Chuan, a Taiwanese, aged 55, 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.

Teh Kiak Seng

Managing Director

Teh Kiak Seng, a Malaysian, aged 62, is the founder of our Group. He was appointed to the Board of Tambun Indah on 19 March 2008 and is presently the Managing Director. He is also a member of Remuneration Committee.

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

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

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

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

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

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

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

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



Directors' Profile (Cont'd)

Teh Theng Theng

Executive Director

Teh Theng Theng, a Malaysian, aged 49, 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.

Thaw Yeng Cheong

Executive Director

Thaw Yeng Cheong, a Malaysian, aged 54, 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 in a senior managerial role with an architectural consultant firm from 1985 to 2010. Throughout his career, he was involved in the design, concept inception, management, budgeting and building processes. His experience ranges across diversified projects comprising residential, commercial, industrial and institutional development which includes housing, hotels, schools, hospitals, factories, community halls and resorts.

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

Thaw Yeng Cheong is also a Certified Member of the Financial Planning Association of Malaysia.

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

Thaw Yeng Cheong does not have any family relationship with any Director and/or major shareholder of the Company.



Directors' Profile (Cont'd)

Yeoh Chong Keat

Independent Non-Executive Director

Yeoh Chong Keat, a Malaysian, aged 54, 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 Nomination 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.

He is the Chairman of Lien Hoe Corporation Berhad and Gefung Holdings Bhd as well as a director of Cheetah Holdings Berhad all listed on the Main Market of Bursa Malaysia.

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

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

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali

Independent Non-Executive Director

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, a Malaysian, aged 64, was appointed to the Board of Tambun Indah on 15 April 2011 and is presently the Independent Non-Executive Director. He is also the Chairman of Nomination Committee, a member of the Audit Committee and a member of Remuneration Committee.

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

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

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

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



Directors' Profile (Cont'd)

Lai Fook Hoy

Independent Non-Executive Director

Lai Fook Hoy a Malaysian, aged 62, was appointed to the Board of Tambun Indah on 24 February 2012 and is presently the Independent Non-Executive Director. He is also the Chairman of Remuneration Committee and a member of the Audit Committee.

Mr. Lai Fook Hoy with more than 38 years of working experience, has broad and in-depth knowledge of technical, operational, financial and commercial aspects of the metals industry. Prior to his retirement in January 2010, he was the Group Chief Operating Officer of Malaysia Smelting Corporation Berhad. He then remained with Malaysia Smelting Corporation Berhad Group in an advisory capacity till end-2011 as Group Metallurgical Consultant.

He is currently a director of KM Resources Inc. which operates a poly-metallic mining project in the Philippines. He was previously a director of Asian Mineral Resources Limited, a mining company listed on Canada's TSX-V.

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.



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

Currently, the Board has 7 Board members comprising 3 executive directors, 1 non-independent non-executive director and 3 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 20.

Even though the Board has representatives of the substantial shareholders, the presence of the independent directors will help to ensure that no influence or domination in the decision making process of the Board and that the independent directors' role are considered 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.

A total of 6 Board meetings were held during the financial year ended 31 December 2011 and the attendance of Directors are as follows :-

Name	No. of Meeting Attended
Tsai Yung Chuan	5/6
Teh Kiak Seng	6/6
Teh Theng Theng	6/6
Thaw Yeng Cheong	6/6
Yeoh Chong Keat	6/6
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (Appointed on 15 April 2011)	2/2
Lai Fook Hoy (Appointed on 24 February 2012)	-
Dato' Hong Yeam Wah (Resigned on 15 April 2011)	1/1
Ong Eng Choon (Retired on 24 June 2011)	4/4
Dato' Mohamad Nadzim Bin Shaari (Resigned on 22 March 2012)	5/6



Corporate Governance Disclosure (Cont'd)

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.

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 established a Nomination Committee comprising exclusively non-executive directors, a majority of whom are independent.

The Nomination Committee currently comprises the following members :-

Name	Designation	Directorate
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Chairman	Independent Non-Executive
Tsai Yung Chuan	Member	Non-Independent Non-Executive
Yeoh Chong Keat	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 (Cont'd)

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

Save for Mr. Lai Fook Hoy who was only appointed on 24 February 2012 as an Independent Non-Executive Director, all the Directors had attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn. Bhd.

The directors are to evaluate their own training needs on a continuous basis and to attend workshops, seminars and other training programmes that would enable them to enhance their knowledge and contribution to the Board.

The following outlines the workshops, seminars and training attended by the Directors in 2011:

NAME OF DIRECTORS

TRAINING & SEMINARS ATTENDED

Teh Kiak Seng	• Mandatory Accreditation Programme
Teh Theng Theng	• Mandatory Accreditation Programme
Thaw Yeng Cheong	• Mandatory Accreditation Programme
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	• Corporate Directors Training Programme • The Fundamentals of Private Equity Investment
Yeoh Chong Keat	• 2011 Budget Seminar- Highlights & Implications • National Tax Conference 2011 • Business Sustainability- An Issue of Business Survival
Dato' Mohamad Nadzim Bin Shaari	• Mandatory Accreditation Programme
Dato' Hong Yeam Wah	• Mandatory Accreditation Programme



Corporate Governance Disclosure (Cont'd)

5. DIRECTORS' REMUNERATION

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

The Remuneration Committee currently comprises the following members :-

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

The details of the Directors' Remunerations are presented under Note 30 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.



Corporate Governance Disclosure (Cont'd)

6. SHAREHOLDERS

The Company acknowledged the importance of timely dissemination of information of the Group to the shareholders and interested public. Such 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
- 5) Company's website at <http://www.tambunindah.com>

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

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 recognizes the importance of a good internal control system 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 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 auditors and the management is responsive to the auditors' enquiries and their recommendations.

COMPLIANCE STATEMENT

The Board has and will continuously endeavour to ensure the best practices set out in the Code are complied.

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 ensured that the financial statements are prepared in accordance with the applicable approved financial reporting standards and the provisions of the Companies Act, 1965.

In the preparation of the financial statements for the financial year ended 31 December 2011, 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 on Internal Control

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, 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. This process has been in place throughout the financial year under review and up to the date of approval of the annual report.

Risk Management

The Board and management practice proactive significant risks identification, evaluation and management 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. Any significant risk issues and action plans were reviewed and discussed at management meetings and quarterly Audit Committee meetings.

Internal Audit Function

The Board acknowledges the importance of internal audit function and has engaged the services of an independent a firm 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 Committee. On a quarterly basis, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

During the financial year, the internal audit reviewed the adequacy and the integrity of the Group’s internal control systems and management information systems of the key functions of major subsidiaries, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The audit plan is presented to Audit Committee for approval.



Statement on Internal Control (Cont'd)

During the financial year, 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;
- Regular visits to operating units by Managing Director, Executive Directors and senior management;
- An internal audit function carries out quarterly risk based internal audit to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures; and
- Audit Committee and Board meetings to review quarterly results, annual financial statements, related party transactions and updates on business development and to deliberate major risks highlighted by the 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 any material losses, contingencies and uncertainties that would require disclosure in the annual report.

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.

Review Of Statement By The External Auditors

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the MMLR of Bursa Malaysia Securities Berhad. Nothing has come to their attention that causes them to believe the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

This statement was made in accordance of a resolution of the Board of Directors dated 13 April 2012.



Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of :

Name	Designation	Directorate
Yeoh Chong Keat <i>(Redesignated as Chairman on 24 June 2011)</i>	Chairman	Independent Non-Executive
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali <i>(Appointed as member on 24 June 2011)</i>	Member	Independent Non-Executive
Lai Fook Hoy <i>(Appointed as member on 22 March 2012)</i>	Member	Independent Non-Executive
Dato' Mohamad Nadzim Bin Shaari <i>(Resigned as member on 22 March 2012)</i>	Member	Independent Non-Executive
Ong Eng Choon <i>(Ceased as Chairman on 24 June 2011)</i>	Chairman	Independent Non-Executive

MEETINGS AND ATTENDANCE

A total of 6 Audit Committee meetings were held during the financial year ended 31 December 2011 and the details of attendance are as follows:-

Name	No. of Meeting Attended
Yeoh Chong Keat <i>(Redesignated as Chairman on 24 June 2011)</i>	6/6
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali <i>(Appointed as member on 24 June 2011)</i>	2/2
Lai Fook Hoy <i>(Appointed as member on 22 March 2012)</i>	-
Ong Eng Choon <i>(Ceased as Chairman on 24 June 2011)</i>	4/4
Dato' Mohamad Nadzim Bin Shaari <i>(Resigned as member on 22 March 2012)</i>	5/6

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.



Audit Committee Report (Cont'd)

- 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.

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 (Cont'd)

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 Share Issuance 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.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee during the financial year ended 31 December 2011 were summarised as follows:-

- a) Reviewed the unaudited quarterly financial results before presentation to the Board for approval and for release to the authorities and public.
- b) Reviewed and approved the internal and external audit plan for the implementation of the plan.
- c) Reviewed the draft audited financial statements before presentation to the Board for approval and for release to the authorities and public.
- d) Reviewed the related party transactions that arise within the Group.
- e) Reviewed the internal audit reports and the management action plan on the recommendations noted in the reports.
- f) Reviewed the external audit findings with the External Auditors.
- g) Appraised the performance of the internal and External Auditors.



Audit Committee Report (Cont'd)

INTERNAL AUDIT FUNCTION

The Board had outsourced its internal audit function and the Internal Auditors provide independent and objective reports to the Audit Committee, which assists the Audit Committee in discharging its duties and responsibilities. The cost incurred for the internal audit function in respect of the financial year ended 31 December 2011 was RM104,257.

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.

The activities of the Internal Auditors during the financial year ended 31 December 2011 were summarised as follows:-

- 1) Reviewed the Group's systems of internal controls and ascertained the extent of compliance with the established policies, procedures and statutory requirements.
- 2) Identified areas for improvement of controls in operation and processes of the Group.



Additional Compliance Information

1. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered by the Company or its subsidiaries involving directors' and major shareholders' interests since the previous financial year ended 31 December 2010 and in the financial year ended 31 December 2011 :

- i) On 29 August 2011, the Company has entered into a share sale and purchase agreement with Siram Permai Sdn. Bhd. and Tah-Wah Sdn. Bhd. for the acquisition of 250,000 ordinary shares in Premcourt Development Sdn. Bhd. for a cash consideration of RM5,500,000;
- ii) On 16 February 2011, the Company has entered into a share sale and purchase agreement with Siram Permai Sdn. Bhd., Amal Pintas Sdn. Bhd., Sound Vantage Sdn. Bhd., Alpha Master (M) Sdn. Bhd. and Teh Eng Bew for the acquisition of 500,000 ordinary shares in Pridaman Sdn. Bhd. for a cash consideration of RM4,650,000;
- iii) On 16 February 2011, the Company has entered into a share sale and purchase agreement with Siram Permai Sdn. Bhd. and Siti Shikha Binti Zakaria for the acquisition of 45,000 ordinary shares in Ikhtiar Bitara Sdn. Bhd. for a cash consideration of RM1,460,000;
- iv) 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.
- v) 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 (Cont'd)

- 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 Jasniah 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;
- 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



Additional Compliance Information (Cont'd)

- 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

As at financial year ended 31 December 2011, the proceeds arising from the listing of Tambun Indah has been fully utilized.

3. SHARE BUY-BACKS

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

4. OPTIONS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2011, 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

A total sum of non-audit fees of RM20,500 was paid by the Company to the External Auditors.

8. VARIATION OF RESULTS

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

9. PROFIT GUARANTEE

There were no profit guarantees received by the Company.

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

There were no recurrent related party transactions of a revenue or trading nature conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2011.



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.

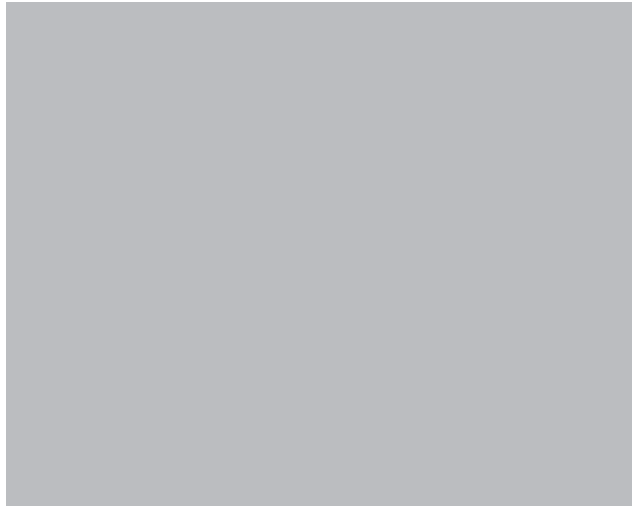
In this respect, Tambun Indah made contributions to numerous charitable causes, schools and other education institutions in Mainland Penang during the year. The Group sees this as part of our CSR programme to make a positive impact amongst all sectors of society.

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.



Mud Ball Making on 3rd July 2011



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 Acquisition / Date of Last Valuation*
Development Land						
1. 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	27,193,312	11.11.2010
2. Lot 375 (GRN No. 30881), Seksyen 4, Bandar Butterworth, Seberang Perai Utara, Pulau Pinang (Dahlia Park, Jalan Kampung Benggali, Butterworth)	Freehold	Land under development	N/A	2.23	3,550,709	11.11.2010
3. Lots 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	5,949,653	11.11.2010
4. 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	5,532,989	11.11.2010
5. 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 held for development	N/A	5.15	7,896,939	11.11.2010
6. Lot 8750 (GRN 73117), Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Pearl Residence, Jalan Tasek Mutiara 1, Simpang Ampat)	Freehold	Land held for development	N/A	39.66	19,672,599	11.11.2010
7. Lot 1032 (New Lot 3620), Seksyen 4, Bandar Butterworth, Seberang Perai Utara, Pulau Pinang. (Capri Park, Jalan Heng Choon Tian, Butterworth)	Freehold	Land under development	N/A	2.70	4,593,331	11.11.2010
8. Lots 10047 to 10226, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Indah 1, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	7.42	4,294,79	04.05.2011



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

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Acquisition / Date of Last Valuation*
Development Land (Cont'd)						
9. Lots 10710 to 10759, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Indah 2, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	1.83	1,063,326	04.05.2011
10. Lots 10802 to 10869, 10982 to 10987 & 11032 to 11095, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Indah 3, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	12.57	7,290,382	04.05.2011
11. Lots 9859 to 9904, 9965 to 9989 & 9991 to 10015, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Square 1, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	2.96	2,067,304	04.05.2011
12. Lots 5765 to 5820, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Square 2, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	1.88	1,063,828	04.05.2011
13. Lots 527, 528 & 968, Mukim 14, Seberang Perai Utara, Pulau Pinang. (Carissa Villas, Jalan Bagan Lalang, Butterworth)	Freehold	Land held for development	N/A	4.42	9,656,936	03.12.2010
14. Lot 699 (Geran Mukim No. GM100), Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang (New Juru Industrial Park, Juru)	Freehold	Land under development	N/A	8.68	8,587,226	16.02.2011
15. 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	2,162,899	11.11.2010
16. 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	5,653,476	11.11.2010



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

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Acquisition / Date of Last Valuation*
Development Land (Cont'd)						
17. Lots 114 & 1067(GRN 44612 & GM 356), Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Jalan Tasek Mutiara 1, Simpang Ampat)	Freehold	Land held for development	N/A	44.33	22,969,202	11.11.2010
18. Lot 9758, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Low Cost Flat, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land held for development	N/A	2.69	1,571,337	04.05.2011
19. Lots 13, 16, 20, 21, 22, 116, 1345, 1383, 1393, 1427, 6029, 8745, 8746, 8936, 10016, 10017 & 10023, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Others, Bandar Tasek Mutiara, Simpang Ampat)	Freehold (except for Lot No. 1383 – 0.84 acres held under leasehold title for a term of 99 years expiring on 26 January 2036)	Land held for development	N/A	76.87	44,953,077	04.05.2011
20. Lots 8764, 8765, 8767, 8768, 8769, 8773, 8775, 8776, 8777, 6030, 9759, 10019, 10020, 10025, 10026, 10028, 10029, 10763, 11159, 11160 & 11355, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Amenities Land, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Amenities Land	N/A	54.95	21	04.05.2011
21. Lot 1471, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land held for development	N/A	16.04	5,698,258	04.05.2011
22. Lots 1226 & 1467, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Land held for development	N/A	3.85	3,171,889	29.12.2011
23. Lots 627 & 630 Seksyen 4 (GRN 33236 & 33238), Bandar Butterworth, Seberang Perai Utara, Pulau Pinang.	Freehold	Land held for development	N/A	1.52	1,491,483	11.11.2010



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

Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land/Build-up Area (Meter Square)	Audited Net Book Value (RM)	Date of Acquisition / Date of Last Valuation*
Investment Properties						
1. No. 4939 Jalan Siram 12100 Butterworth, Pulau Pinang.	Freehold	3 ½ -storey terrace light industrial building	17	154/ 471.93	700,000	31.12.2011*
2. No.6 Jalan Perda Barat Bandar Perda, 14000 Bukit Mertajam Pulau Pinang.	Freehold	3-storey terrace shop office	13	153/ 459.12	700,000	31.12.2011*
3. No. 10-02 Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth, Pulau Pinang.	Freehold	3-bedroom penthouse	15	NA/139	265,000	31.12.2011*
4. No. 10-12, Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth, Pulau Pinang.	Freehold	3-bedroom penthouse	15	NA/139	265,000	31.12.2011*
5. 18-10-03, Scotland Villa Medan Lumba Kuda 10450 Pulau Pinang.	Freehold	4-bedroom condominium	7	NA/199	880,000	31.12.2011*
6. No. 1-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	15	NA/147	270,000	31.12.2011*
7. No. 1-04, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	15	NA/125	230,000	31.12.2011*
8. No. 7-04, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	15	NA/145	280,000	31.12.2011*
9. No. 7-05, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	15	NA/120	230,000	31.12.2011*
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	15	NA/7,049	4,850,000	31.12.2011*
11. No. 3-02, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	15	NA/169	240,000	31.12.2011*
12. No. 4-04, Wisma Pantai Jalan Wisma Pantai, 12200 Butterworth, Pulau Pinang.	Freehold	An office lot	15	NA/126	175,000	31.12.2011*



Statement of the Proposed Amendments

To The Articles of Association

1. INTRODUCTION

On 13 April 2012, the Board of Directors of Tambun Indah announced that the Company proposed to amend its Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board wishes to seek the shareholders' approval for the special resolution pertaining to the Proposed Amendments to the Articles of Association of the Company ("Proposed Articles Amendments") to be tabled at the forthcoming Fourth Annual General Meeting ("AGM")

Shareholders are advised to read and carefully consider the contents of the amendments before voting on the special resolution relating to the Proposed Articles Amendments at the forthcoming Fourth AGM.

2. DETAILS OF THE PROPOSED ARTICLES AMENDMENTS

The details of the Proposed Articles Amendments are as follows :-

- 1) That the existing definition of "Employees Share Option Scheme" in Article No. 2 which reads as follows :-

<u>WORDS</u>	<u>MEANINGS</u>
"Employees Share Option Scheme"	: a share scheme involving a new issue of shares to employees and Directors of the Company and its subsidiaries.

be amended by deleting the definition of "Employees Share Option Scheme" in its entirety and substituting with the following :-

<u>WORDS</u>	<u>MEANINGS</u>
"Employees Share Option Scheme"	: Share Issuance Scheme and Share Grant Scheme, collectively

- 2) That the following new definitions be inserted in Article No. 2 to read as follows :-

<u>WORDS</u>	<u>MEANINGS</u>
"Dividend Reinvestment Scheme"	: a scheme which enables members to reinvest cash dividends into new shares in the Company.
"Exempt Authorised Nominee"	: an authorized nominee defined under Securities Industry (Central Depositories) Act, 1991 (SICDA) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA
"Share Grant Scheme"	: a scheme involving the grant of the Company's existing shares to employees of the Company and its subsidiaries
"Share Issuance Scheme"	: a scheme involving a new issuance of shares to the employees and Directors of the Company and its subsidiaries.
Take-Overs and Mergers Code	: The Malaysian Code on Take-Overs and Mergers 2010, including any amendments that may be made from time to time.

- 3) That the existing Article 6 which reads as follows :-

6. Subject to the approval of the members in general meeting, these Articles, the Act, the Listing Requirements, the Central Depositories Act and/or any other relevant authorities, the Company may upon the recommendation of the Directors establish an Employee Share Option Scheme. The terms and conditions of the scheme shall be determined by the Board of Directors. However, no Director shall participate in such scheme unless members in general meeting have approved of the specific allotment to be made to such Director.



Statement of the Proposed Amendments

To The Articles of Association (Cont'd)

be deleted in its entirety and substituting with the following :-

6. Subject to the approval of the members in general meeting, these Articles, the Act, the Listing Requirements, the Central Depositories Act and/or any other relevant authorities, the Company may upon the recommendation of the Directors establish a Share Issuance Scheme and/or a Share Grant Scheme. The terms and conditions of the Employees Share Option Scheme shall be determined by the Board of Directors. However, no Director shall participate in Share Issuance Scheme unless members in general meeting have approved of the specific allotment to be made to such Director.

4) That the existing Article 73 which reads as follows :-

73. Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy who may but need not be a member of the Company or by attorney. On a resolution to be decided on a show of hands, every person who is a member or representative or proxy of a member shall have one (1) vote and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands or on a poll on any question at any general meeting.

be deleted in its entirety and substituting with the following :-

73. a) Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members, each member entitled to attend and vote at a meeting of the Company or at the meeting of any class of members of the Company, may vote in person or shall be entitled to appoint any person as his proxy to attend and vote instead of him. There shall be no restriction as to the qualification of the proxy.

b) On a resolution to be decided on a show of hands, every person who is a member or representative or proxy of a member shall have one (1) vote and on a poll every member present in person or by proxy or by attorney or other duly authorized representative shall have one (1) vote for each share he holds. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

5) That the existing Article 80(4) which reads as follows :-

80(4). Where a member is an authorised 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.

be deleted in its entirety and substituting with the following :-

80(4). Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6) That the existing Article 84 which reads as follows :-

84. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but shall not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

be deleted in its entirety and substituting with the following :-

84. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account "omnibus account", there is no limit to the number of proxies which the Exempt Authorized Nominee may appoint in respect of each omnibus account it holds.



Statement of the Proposed Amendments

To The Articles of Association (Cont'd)

7) That the existing Article 139 which reads as follows :-

139. The Company may by Ordinary Resolution, declare dividends but no dividend shall be payable in excess of the amount recommended by the Directors and no dividend shall be payable except out of the profits of the Company, unless allowed by the Act.

be deleted in its entirety and substituting with the following :-

139. a) The Company may by Ordinary Resolution, declare dividends but no dividend shall be paid except out of the profits of the Company nor shall bear interest against the Company, unless allowed by the Act.

b) No dividend shall be payable in excess of the amount recommended by the Directors.

c) The Company must ensure all dividends are paid not later than 3 months from the date of declaration or the date on which approval is obtained in a general meeting, whichever is applicable.

8) That the existing Article 141 which reads as follows :-

141. No dividend shall be paid other than out of profits nor shall bear interest against the Company.

be deleted in its entirety and substituting with the following :-

141. Subject to the approval of the members in general meeting, these Articles, the Act, the Listing Requirements, the Take-Overs and Mergers Code, the Income Tax Act, 1967 and/or any other relevant authorities, the Company may upon the recommendation of the Directors establish a Dividend Reinvestment Scheme. However, any member of the Company may elect not to participate in such scheme.

3. RATIONALE FOR THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments is to amend the Company's Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

4. EFFECTS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments will not have any effect on the share capital and substantial shareholding of Tambun Indah, net assets per share, earnings per share and gearing of the Tambun Indah Group.

5. CONDITIONS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments is conditional upon approval being obtained from the shareholders of the Company at the forthcoming Fourth AGM.

6. DIRECTORS', MAJOR SHAREHOLDERS' AND PERSONS CONNECTED WITH DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, Major Shareholders and persons connected with them have any interest, direct or indirect, in respect of Proposed Articles Amendments.

7. DIRECTORS' RECOMMENDATION

The Directors, having considered the rationale of the Proposed Articles Amendments is of the opinion that the Proposed Articles Amendments is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the special resolution in relation to the Proposed Articles Amendments to be tabled at the forthcoming Fourth AGM.



Analysis of Shareholdings

As At 16 April 2012

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	%
1 - 99	4	24	0
100 - 1,000	213	186,538	0.08
1,001 - 10,000	1,381	8,202,900	3.71
10,001 - 100,000	603	19,371,300	8.77
100,001 - 11,049,999	73	80,175,206	36.28
11,050,000 and above	2	113,064,032	51.16
TOTAL	2,276	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.	23,814,031	10.78	-	-
Siram Permai Sdn. Bhd.	89,250,001	40.38	-	-
Teh Kiak Seng ⁽¹⁾	9,715,674	4.40	89,250,001	40.38
Tsai Chang Hsiu-Hsiang ⁽²⁾	-	-	23,814,031	10.78
Tsai Chia Ling ⁽²⁾	-	-	23,814,031	10.78
Tsai Yung Chuan ⁽²⁾	-	-	23,814,031	10.78

Notes:

(1) Deemed interested by virtue of his shareholdings in Siram Permai Sdn. Bhd. pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of his/her shareholdings in Amal Pintas Sdn. Bhd. pursuant to Section 6A of the Act.



Analysis of Shareholdings

As At 16 April 2012 (Cont'd)

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 ⁽¹⁾	-	-	23,814,031	10.78
Teh Kiak Seng ⁽²⁾	9,715,674	4.40	89,250,001	40.38
Teh Theng Theng	123,000	0.05	-	-
Thaw Yeng Cheong	50,000	0.02	-	-
Yeoh Chong Keat	-	-	-	-
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	500,000	0.23	-	-
Lai Fook Hoy	2,192,476	0.99	-	-

Notes:

(1) Deemed interested by virtue of his shareholdings in Amal Pintas Sdn. Bhd. pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of his shareholdings in Siram Permai Sdn. Bhd. pursuant to Section 6A of the Act.



30 Largest Shareholders

As At 16 April 2012

List of 30 largest Shareholders according to the Record of Depositors

No	Shareholders	No. of shares held	%
1	Siram Permai Sdn. Bhd.	89,250,001	40.38
2	Amal Pintas Sdn. Bhd.	23,814,031	10.78
3	Teh Kiak Seng	9,715,674	4.40
4	Poh Chean Hung	8,945,412	4.05
5	Hong Yeam Wah	7,853,898	3.55
6	Tan Ai See	6,000,000	2.71
7	Lembaga Tabung Angkatan Tentera	5,329,000	2.41
8	Koperasi Permodalan Felda Malaysia Berhad	5,000,000	2.26
9	WYZ Capital Sdn. Bhd.	4,394,234	1.99
10	Sound Vantage Sdn. Bhd.	4,088,535	1.85
11	Teh Eng Bew	3,117,270	1.41
12	Lai Fook Hoy	2,192,476	0.99
13	Quah Tee Peng	2,183,300	0.99
14	Cheong Hoey Wang	1,586,300	0.72
15	HDM Nominees (Tempatan) Sdn. Bhd. HDM Capital Sdn Bhd For Tan Koo Ching	1,500,000	0.68
16	Quah Tee Peng	1,355,300	0.61
17	Viewpoint Style Sdn. Bhd.	1,170,077	0.53
18	Cimsec Nominees (Tempatan) Sdn. Bhd. Cimb Bank For Fong Kheng Hup (MK0107)	1,000,000	0.45
19	Hanlow Holdings Sdn. Bhd.	1,000,000	0.45
20	Ooi Siew Hwa	777,600	0.35
21	Kenanga Nominees (Asing) Sdn. Bhd. Pledged Securities Account For Tan Chan Chai	600,000	0.27
22	Pen Harvest Sdn. Bhd.	500,000	0.23
23	Kee Cheng Teik	500,000	0.23
24	Heng Lee And Company Sdn. Berhad	500,000	0.23
25	Jagat CeraH Sdn. Bhd.	500,000	0.23
26	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	500,000	0.23
27	Teoh Choo Ee	480,700	0.22
28	First Genesis Sdn. Bhd.	400,000	0.18
29	Seto Chen & Sons Sdn. Bhd.	400,000	0.18
30	Mahcesy Sdn. Bhd.	342,130	0.15





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Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 December 2011**.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit for the financial year	33,694,404	16,206,272
Attributable to:		
Owners of the parent	23,378,513	16,206,272
Non-controlling interests	10,315,891	0
	<u>33,694,404</u>	<u>16,206,272</u>

DIVIDEND

Dividend paid, declared or proposed since the end of the previous financial year was as follows:

	Company RM
In respect of financial year ended 31 December 2010:	
Single Tier interim dividend of 4.6 sen per ordinary share, paid on 7 September 2011	<u>10,166,000</u>

The Directors propose a first and final tax exempt dividend of 3.8 sen per ordinary share, amounting to RM8,398,000 in respect of the financial year ended 31 December 2011, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM94,500,000 to RM110,500,000 by way of public issuance of 32,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.70 each ("Public Issue") pursuant to the listing and quotation of its ordinary shares on the Main Market of Bursa Malaysia Securities Berhad. The total proceeds raised from the Public Issue amounted to RM22,400,000.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.



Directors' Report (Cont'd)

DIRECTORS

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

Teh Kiak Seng	
Tsai Yung Chuan	
Teh Theng Theng	
Thaw Yeng Cheong	
Yeoh Chong Keat	
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	(Appointed on 15 April 2011)
Lai Fook Hoy	(Appointed on 24 February 2012)
Dato' Hong Yeam Wah	(Resigned on 15 April 2011)
Ong Eng Choon	(Retired on 24 June 2011)
Dato' Mohamad Nadzim Bin Shaari	(Resigned on 22 March 2012)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares in the Company during the financial year ended 31 December 2011 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, were as follows:

	Number of Ordinary Shares of RM 0.50 each			Balance as at 31-12-2011
	Balance as at 1-1-2011	Bought	Sold	
Shareholdings in the Company				
Direct interests				
Teh Kiak Seng	4,955,974	4,759,700	0	9,715,674
Teh Theng Theng	0	123,000	0	123,000
Thaw Yeng Cheong	0	300,000	(250,000)	50,000
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	0	500,000	0	500,000
Yeoh Chong Keat	0	100,000	(100,000)	0
Indirect interests				
Teh Kiak Seng	89,250,001	0	0	89,250,001
Tsai Yung Chuan	34,001,105	862,926	(11,050,000)	23,814,031

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

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares in the Company or ordinary shares of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen from the transactions disclosed in Note 37 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (a) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (b) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the result of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (a) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (b) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (c) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.



Directors' Report (Cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

- (a) On 4 May 2011, the Company completed the acquisition of 3,453,600 ordinary shares of RM1.00 each, representing 60% of the total issued and paid up share capital of Palmington Sdn. Bhd. for a total cash consideration of RM3,510,000.
- (b) On 4 May 2011, Palmington Sdn. Bhd., a 60%-owned subsidiary of Tambun Indah Land Berhad entered into a master agreement and five (5) separate sales and purchase agreements (Parcel R1, R2, R3, C and Amenities Land respectively) with Pembangunan Bandar Mutiara Sdn. Bhd. to purchase an undeveloped land bank located in a new township development known as Bandar Tasek Mutiara (marketed as Pearl City) in the locality of Simpang Ampat, Mukim 15, Province Wellesley South, Penang measuring approximately 526.7531 acres for a purchase consideration of RM233,223,021 to be satisfied fully in cash.

On 5 September 2011, all the conditions precedent stipulated in the master agreement and sale and purchase agreements entered into between Palmington Sdn. Bhd. and Pembangunan Bandar Mutiara Sdn. Bhd. ("SPA(s)") were fulfilled and the SPAs became unconditional.

Pursuant to the SPAs, Palmington Sdn. Bhd. and Pembangunan Bandar Mutiara Sdn. Bhd. mutually agreed to extend the completion date of the acquisition of Parcel R1 to 30 November 2011.

On 30 November 2011, Palmington Sdn. Bhd. and Pembangunan Bandar Mutiara Sdn. Bhd. mutually agreed to further extend the completion date in respect of the acquisition of Parcel R1 from 30 November 2011 to on or before 9 December 2011 ("2nd Extended Completion Date") to enable the solicitors further time to present the discharges, transfers and charges at the relevant Land Registry/Office.

The Company completed the acquisition of Parcel R1 on 7 December 2011.

- (c) On 27 July 2011, the Company completed the acquisition of 500,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of Pridaman Sdn. Bhd. for a total cash consideration of RM4,650,000.
- (d) On 9 August 2011, the Company completed the acquisition of 45,000 ordinary shares of RM1.00 each, representing 45% of the issued and paid up share capital of Ikhtiar Bitara Sdn. Bhd. for a total cash consideration of RM1,460,000.
- (e) On 22 September 2011, the Company acquired 250,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of Premcourt Development Sdn. Bhd. ("Premcourt") for a total cash consideration of RM5,500,000, in the manner of RM5,000,000 only shall be paid to the Messrs. Siram Permai Sdn. Bhd. and Tah-Wah Sdn. Bhd. (collectively referred to as the "Premcourt Vendors") in accordance with the Premcourt Vendors' respective shareholding proportions, on the completion date and the balance of RM500,000 only shall be paid to the Premcourt Vendors in accordance with the Premcourt Vendors' respective shareholding proportions within seven (7) days from the date the planning permission and/or development order is obtained by Premcourt in respect of the Project.

In the event Premcourt fails to obtain the planning permission/development order for the Project for any reason whatsoever within one (1) year from the date of the sale and purchase agreement or such other extended period as may be agreed by the Company, the parties agree that the purchase consideration for the sale shares shall be only RM5,000,000. In such event, the Company shall not be obliged to pay to the Premcourt Vendors the sum of RM500,000 and such amount shall be treated as a discount given by the Premcourt Vendors to Tambun Indah Land Berhad for the purchase of the sale shares.

On 19 March 2012, Premcourt had obtained planning permission/development order from local authority and the Company had on 22 March 2012 paid the balance of RM500,000 to the Vendors in accordance to their respective shareholding proportion.

- (f) On 29 December 2011, TKS Land Sdn. Bhd., the wholly-owned subsidiary of Tambun Indah Land Berhad completed the acquisition of 200,000 ordinary shares of RM1.00 each, representing 50% of the total issued and paid up share capital of Ascention Sdn. Bhd. for a total cash consideration of RM200,000.



Directors' Report (Cont'd)

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 19 January 2012, the Company proposed a renounceable rights issue of 88,400,000 new ordinary shares of RM0.50 each in the Company ("Rights Share(s)") together with 44,200,000 new free detachable warrants ("Warrant(s)") on the basis of two (2) Rights Shares and one (1) free Warrant for every five (5) existing ordinary shares of RM0.50 each in the Company held on an entitlement date and issue price to be determined later; and establishment of an employees' share option scheme of up to five per centum (5%) of the issued and paid-up share capital (excluding treasury shares) of the Company for eligible persons of the Company and its subsidiaries.
- (b) On 2 April 2012, Perquest Sdn. Bhd. a wholly-owned subsidiary company of the Company had entered into a Joint Venture Agreement with landowner for the joint development of a piece of land in Butterworth Town, Seberang Perai Utara, Penang with total land area measuring approximately 3.26 acres.

AUDITORS

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

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

TEH KIAK SENG

Director

TEH THENG THENG

Director

Dated: 13 April 2012



Statement By Directors

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 56 to 128 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2011** and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

TEH KIAK SENG
Director

TEH THENG THENG
Director

Dated: 13 April 2012

Statutory Declaration

I, **TEH KIAK SENG**, being the Director primarily responsible for the financial management of **TAMBUN INDAH LAND BERHAD**, do solemnly and sincerely declare that the financial statements set out on page 56 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **TEH KIAK SENG**
at Georgetown in the State of Penang
this 13 April 2012

TEH KIAK SENG

Before me,

Commissioner for Oaths



Independent Auditors' Report

To The Members Of Tambun Indah Land Berhad

Report on the Financial Statements

We have audited the financial statements of Tambun Indah Land Berhad, which comprise the statements of financial position as at 31 December 2011 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 127.

The financial statements of the Group and of the Company for the financial year ended 31 December 2010 were audited by another firm of chartered accountants whose report dated 12 April 2011 expressed an unqualified opinion on those statements.

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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows of the Group and of the Company 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 subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



Independent Auditors' Report

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

Other Reporting Responsibilities

The supplementary information set out in Note 43 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO

AF: 0206
Chartered Accountants

Penang

Dated: 13 April 2012

KOAY THEAM HOCK

No. 2141/04/13 (J)
Chartered Accountant



Statements of Financial Position

As At 31 December 2011

	NOTE	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	1,265,797	808,414	9,006	0
Investment properties	8	9,085,000	8,925,000	0	0
Land held for property development	9	85,773,628	52,327,965	0	0
Investment in subsidiaries	10	0	0	113,159,998	94,499,998
Investment in an associate	11	1,635,942	0	1,671,079	0
Goodwill on consolidation	12	1,766,236	431,380	0	0
Deferred tax assets	13	640,000	0	0	0
		<u>100,166,603</u>	<u>62,492,759</u>	<u>114,840,083</u>	<u>94,499,998</u>
Current assets					
Inventories	14	2,779,717	0	0	0
Property development costs	15	113,309,745	64,839,578	0	0
Receivables, deposits and prepayments	16	65,295,149	58,451,270	33,862,462	8,329,329
Current tax assets		1,342,872	2,254,549	0	0
Cash and cash equivalents	17	39,290,710	27,190,254	3,361,606	4,929
		<u>222,018,193</u>	<u>152,735,651</u>	<u>37,224,068</u>	<u>8,334,258</u>
TOTAL ASSETS		<u>322,184,796</u>	<u>215,228,410</u>	<u>152,064,151</u>	<u>102,834,256</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	110,500,000	94,500,000	110,500,000	94,500,000
Share premium		6,400,000	0	6,400,000	0
Retained earnings/(Accumulated losses)		38,431,011	25,218,498	6,013,151	(27,121)
		<u>155,331,011</u>	<u>119,718,498</u>	<u>122,913,151</u>	<u>94,472,879</u>
Non-controlling interests		32,033,019	13,976,746	0	0
TOTAL EQUITY		<u>187,364,030</u>	<u>133,695,244</u>	<u>122,913,151</u>	<u>94,472,879</u>
LIABILITIES					
Non-current liabilities					
Borrowings	19	71,938,087	4,664,619	0	0
Deferred tax liabilities	13	2,893,350	1,129,950	0	0
		<u>74,831,437</u>	<u>5,794,569</u>	<u>0</u>	<u>0</u>
Current liabilities					
Payables	23	50,399,814	55,230,474	28,972,500	8,361,377
Borrowings	19	6,014,266	18,404,195	0	0
Current tax liabilities		3,575,249	2,103,928	178,500	0
		<u>59,989,329</u>	<u>75,738,597</u>	<u>29,151,000</u>	<u>8,361,377</u>
TOTAL LIABILITIES		<u>134,820,766</u>	<u>81,533,166</u>	<u>29,151,000</u>	<u>8,361,377</u>
TOTAL EQUITY AND LIABILITIES		<u>322,184,796</u>	<u>215,228,410</u>	<u>152,064,151</u>	<u>102,834,256</u>

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



Statements of Comprehensive Income

For The Financial Year Ended 31 December 2011

	NOTE	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Revenue	24	191,843,758	39,608,289	21,782,969	0
Cost of sales	25	(130,600,595)	(27,549,804)	0	0
Gross profit		61,243,163	12,058,485	21,782,969	0
Other income					
Interest income	26	842,487	90,893	444,714	0
Other income	27	531,033	16,954,902	0	0
Selling and distribution expenses		(5,824,061)	(491,469)	0	0
Administrative expenses		(9,221,690)	(200,905)	(4,494,294)	(17,272)
Finance costs	28	(775,034)	0	(448,617)	0
Share of loss of an associate		(35,137)	0	0	0
Profit/(Loss) before tax	29	46,760,761	28,411,906	17,284,772	(17,272)
Tax expense	31	(13,066,357)	(2,146,686)	(1,078,500)	0
Profit/(Loss) for the financial year		33,694,404	26,265,220	16,206,272	(17,272)
Other comprehensive income		0	0	0	0
Total comprehensive income/(loss)		33,694,404	26,265,220	16,206,272	(17,272)
Profit/(Loss) attributable to:					
Owners of the parent		23,378,513	25,228,347	16,206,272	(17,272)
Non-controlling interests		10,315,891	1,036,873	0	0
		33,694,404	26,265,220	16,206,272	(17,272)
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic earnings per share (sen)	32	10.65	97.44		

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



Statements of Changes In Equity

For The Financial Year Ended 31 December 2011

Group	NOTE	Share capital RM	Share premium RM	Distributable (Accumulated losses)/ Retained earnings RM	Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
Balance at 1 January 2010		2	0	(9,849)	(9,847)	0	(9,847)
Profit for the financial year		0	0	25,228,347	25,228,347	1,036,873	26,265,220
Total comprehensive income		0	0	25,228,347	25,228,347	1,036,873	26,265,220
Transactions with owners							
Issuance of shares for acquisition of subsidiary companies	18	94,499,998	0	0	94,499,998	12,939,873	107,439,871
Total transactions with owners		94,499,998	0	0	94,499,998	12,939,873	107,439,871
Balance at 31 December 2010		94,500,000	0	25,218,498	119,718,498	13,976,746	133,695,244
Balance at 1 January 2011		94,500,000	0	25,218,498	119,718,498	13,976,746	133,695,244
Profit for the financial year		0	0	23,378,513	23,378,513	10,315,891	33,694,404
Total comprehensive income		0	0	23,378,513	23,378,513	10,315,891	33,694,404
Transactions with owners							
Dividend paid	33	0	0	(10,166,000)	(10,166,000)	0	(10,166,000)
Public issue	18	16,000,000	6,400,000	0	22,400,000	0	22,400,000
Redeemable preference shares acquired by non-controlling interest of a subsidiary company		0	0	0	0	5,250,000	5,250,000
Additional non- controlling interest arising on business combination	10	0	0	0	0	2,490,382	2,490,382
Total transactions with owners		16,000,000	6,400,000	(10,166,000)	12,234,000	7,740,382	19,974,382
Balance at 31 December 2011		110,500,000	6,400,000	38,431,011	155,331,011	32,033,019	187,364,030

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



Statements of Changes In Equity

For The Financial Year Ended 31 December 2011 (Cont'd)

Company	NOTE	Share capital RM	Share premium RM	Distributable (Accumulated losses)/ Retained earnings RM	Total equity RM
Balance at 1 January 2010		2	0	(9,849)	(9,847)
Loss for the financial year		0	0	(17,272)	(17,272)
Total comprehensive loss		0	0	(17,272)	(17,272)
Transactions with owners					
Issuance of shares for acquisition of subsidiary companies	18	94,499,998	0	0	94,499,998
Total transactions with owners		94,499,998	0	0	94,499,998
Balance at 31 December 2010		94,500,000	0	(27,121)	94,472,879
Balance at 1 January 2011		94,500,000	0	(27,121)	94,472,879
Profit for the financial year		0	0	16,206,272	16,206,272
Total comprehensive income		0	0	16,206,272	16,206,272
Transactions with owners					
Public issue	18	16,000,000	6,400,000	0	22,400,000
Dividend paid	33	0	0	(10,166,000)	(10,166,000)
Total transactions with owners		16,000,000	6,400,000	(10,166,000)	12,234,000
Balance at 31 December 2011		110,500,000	6,400,000	6,013,151	122,913,151

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



Statements Of Cash Flows

For The Financial Year Ended 31 December 2011

NOTE	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	46,760,761	28,411,906	17,284,772	(17,272)
Adjustments for:				
Depreciation of property, plant and equipment	7	299,556	22,275	2,252
Bargain purchase gain	10	(52,109)	(16,912,529)	0
Goodwill on consolidation written off	12	502,724	0	0
Listing expenses		2,674,165	0	2,674,165
Net gain from fair value adjustment on investment properties	8	(160,000)	(25,765)	0
Property, plant and equipment written off	7	24,013	0	0
Share of loss of an associate	11	35,137	0	0
Interest paid	28	775,034	0	448,617
Interest income	26	(842,487)	(90,893)	(444,714)
Operating profit/(loss) before working capital changes		50,016,794	11,404,994	19,965,092
Land held for property development		(24,581,360)	(41,971,168)	0
Inventories		(2,779,717)	0	0
Property development costs		(36,883,895)	5,761,253	0
Receivables, deposits and prepayments		(5,698,172)	(13,046,335)	(25,533,133)
Payables		(15,962,111)	29,092,505	20,611,123
Net cash (used in)/generated from operations		(35,888,461)	(8,758,751)	15,043,082
Interest received		842,487	90,893	444,714
Tax paid		(10,153,045)	(1,795,235)	(900,000)
Tax refunded		604,175	0	0
Net cash flow from operating activities		(44,594,844)	(10,463,093)	14,587,796
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	7	(780,951)	(76,388)	(11,258)
Purchase of investment properties	8	0	(389,235)	0
Acquisition of subsidiaries	10	(3,745,327)	39,706,549	(6,410,000)
Acquisition of redeemable preference shares in a subsidiary		0	0	(12,250,000)
Acquisition of an associate	11	(1,671,079)	0	(1,671,079)
Net cash flow from investing activities		(6,197,357)	39,240,926	(20,342,337)

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



Statements Of Cash Flows

For The Financial Year Ended 31 December 2011 (Cont'd)

	NOTE	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
CASH FLOW FROM FINANCING ACTIVITIES					
Changes in fixed deposits pledged with licensed banks		(693,526)	(123,518)	0	0
Drawdown of bank borrowings		72,018,417	0	0	0
Redeemable preference shares acquired by non-controlling interest of a subsidiary		5,250,000	0	0	0
Listing expenses	29	(2,674,165)	0	(2,674,165)	0
Repayment of bank borrowings		(20,903,306)	(4,714,905)	0	0
Proceeds from public issue	18	22,400,000	0	22,400,000	0
Interest paid		(775,034)	0	(448,617)	0
Dividend paid	33	(10,166,000)	0	(10,166,000)	0
Net cash flow from financing activities		<u>64,456,386</u>	<u>(4,838,423)</u>	<u>9,111,218</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents		13,664,185	23,939,410	3,356,677	(5,824)
Cash and cash equivalents at beginning of the financial year		23,950,163	10,753	4,929	10,753
Cash and cash equivalents at end of the financial year	17	<u>37,614,348</u>	<u>23,950,163</u>	<u>3,361,606</u>	<u>4,929</u>

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011

1. CORPORATE INFORMATION

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

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

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

The financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 13 April 2012.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 43 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

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

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 Basis of consolidation (Cont'd)

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

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

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

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

The Group has applied the revised FRS 3 Business Combinations in accounting for business combinations from 1 July 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

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

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

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 Business combinations

Business combinations from 1 January 2011 onwards

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

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

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits respectively;
- (b) liabilities or equity instruments related to the replacements by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 Share-based Payment at the acquisition date; and
- (c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquire (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquire net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquire (if any), and the fair value of the Group's previously held equity interest in the acquire (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.9. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 January 2011

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 Business combinations (Cont'd)

Business combinations before 1 January 2011 (Cont'd)

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.9 to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

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

4.4 Property, plant and equipment and depreciation

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

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

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

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

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

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

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

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of assets).



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.4 Property, plant and equipment and depreciation (Cont'd)

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

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

4.5 Property development activities

(a) Land held for property development

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

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

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

(b) Property development costs

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

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

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

4.6 Construction contracts

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

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.7 Investment properties

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

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

The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the end of the reporting period, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair values of investment properties are arrived at by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

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

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

4.8 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 Investments (Cont'd)

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

Unrealised gains or losses on transaction between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

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

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

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

4.9 Goodwill

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.9 Goodwill (Cont'd)

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

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

4.10 Impairment of non-financial assets

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

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

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

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

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

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

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

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

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

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as revaluation increase and credited to the revaluation reserve account for the same asset. However, to the extent that an impairment loss in the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.11 Inventories

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

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

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

4.12 Financial instruments

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

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

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

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

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

(a) Financial assets

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

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

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

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

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Held-to-maturity investments

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

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

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

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

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

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

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 Financial instruments (Cont'd)

(b) Financial liabilities

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

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

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

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

(ii) Other financial liabilities

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

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

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

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

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

(c) Equity

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

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 Financial instruments (Cont'd)

(c) Equity (Cont'd)

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

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

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.13 Impairment of financial assets

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

Loans and receivables

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

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

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

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

4.14 Borrowing costs

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

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

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.15 Income taxes

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on disposal of properties.

Taxes in the statement of comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when the deferred income taxes relate to the same taxation authority on either:

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting period.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.16 Provisions

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

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

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

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

4.17 Contingent liabilities and contingent assets

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

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

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

4.18 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

(b) Defined contribution plans

The Company and its subsidiaries make contributions to the Employees Provident Fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.19 Revenue recognition

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

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

(a) Property development

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

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

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

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

(b) Construction contracts

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

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

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

(c) Management fees

Management fees are recognised when services are rendered.

(d) Rental income

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

(e) Car park income

Car park income is recognised based on receipt basis.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.19 Revenue recognition (Cont'd)

(f) Interest income

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

(g) Dividend income

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

4.20 Operating segments

Operating segments are defined as components of the Group that:

- (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Operating Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

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

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

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:
 - (i) the combined reported profit of all operating segments that did not report a loss; and
 - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

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

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

4.21 Earnings per share

(a) Basic

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.21 Earnings per share (Cont'd)

(b) Diluted

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

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs and amendment to FRSs adopted during the financial year

- (a) Amendments to FRS 132 are mandatory for annual periods beginning on or after 1 March 2010 in respect of the classification of rights issues respectively.

These Amendments clarify that rights, options or warrants to acquire a fixed number of the Company's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Company offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

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

- (b) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 *Construction Contracts* and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

There is no impact upon adoption of this Interpretation during the financial year.

- (c) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Company adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

- (i) All assets and liabilities shall be recognised in accordance with FRSs;
- (ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
- (iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
- (iv) All recognised assets and liabilities shall be measured in accordance with FRSs.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.1 New FRSs and amendment to FRSs adopted during the financial year (Cont'd)

- (c) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010. (Cont'd)

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

There is no impact upon adoption of this Standard during the financial year.

- (d) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date. Any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The revised FRS 3 has been applied prospectively in accordance with its transitional provisions. Assets and liabilities that arose from business combinations whose acquisition dates were before 1 July 2010 are not adjusted.

During the financial year, the newly acquired subsidiary was accounted for in accordance with this new Standard as disclosed in Note 10 to the financial statements.

- (e) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with the new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Company loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be remeasured at its fair value at the date when control is lost.

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. These changes would only affect future transactions with non-controlling interest.

There is no impact upon adoption of this Standard during the financial year.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.1 New FRSs and amendment to FRSs adopted during the financial year (Cont'd)

- (f) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010.

Amendments to FRS 2 *Share-based Payments* clarifies that transactions in which the Company acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 5 clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Company retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 138 clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Company reflects the expectations of the Company of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. There is no impact upon adoption of these Amendments during the financial year.

- (g) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Company wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. There is no impact upon adoption of this Interpretation during the financial year.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.1 New FRSs and amendment to FRSs adopted during the financial year (Cont'd)

- (h) IC Interpretation 17 *Distributions of Non-cash Assets to Owners* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Company to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Company. The liability shall be measured at the fair value of the assets to be distributed. If the Company gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. There is no impact upon adoption of this Interpretation during the financial year.

- (i) Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* is mandatory for annual periods beginning on or after 1 January 2011.

This Amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7.

There is no impact upon adoption of this Amendment during the financial year.

- (j) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

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

- (k) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these Amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

- (l) Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions* are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.1 New FRSs and amendment to FRSs adopted during the financial year (Cont'd)

- (m) IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

There is no impact upon adoption of this Interpretation during the financial year because there are no arrangements dependent on the use of specific assets in the Group.

- (n) IC Interpretation 18 *Transfers of Assets from Customers* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer either an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services or cash for the acquisition or construction of property, plant and equipment. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

There is no impact upon adoption of this Interpretation during the financial year because there are no such arrangement in the Group.

- (o) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 clarifies that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 3 clarifies that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 7 clarifies that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Company has incorporated these disclosures on maximum exposure to credit risk in Note 40 to the financial statements.

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements and analysis of other comprehensive income shall also be presented in the statement of changes in equity. This has been reflected in the statement of changes in equity.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.1 New FRSs and amendment to FRSs adopted during the financial year (Cont'd)

- (o) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011. (Cont'd)

Amendments to FRS 121 *The Effects of Changes in Foreign Exchange Rates* clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 128 clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 131 clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 132 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Company's interim financial report. There is no impact upon adoption of these Amendments during the financial year. However, there would be additional disclosures in the quarterly interim financial statements of the Group.

Amendments to FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 13 clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. There is no impact upon adoption of these Amendments during the financial year.

5.2 New FRSs that have been issued, but not yet effective and not yet adopted

- (a) Amendments to IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* are mandatory for annual periods beginning on or after 1 July 2011.

These Amendments clarify that if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions shall include any amount that reduces future minimum funding requirement contributions for future service because of the prepayment made.

The Group does not expect any impact on the financial statements arising from the adoption of these Amendments.

- (b) IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* is mandatory for annual periods beginning on or after 1 July 2011.

This Interpretation applies to situations whereby equity instruments are issued to a creditor to extinguish all or part of a recognised financial liability. Such equity instruments shall be measured at fair value, and the difference between the carrying amount of the financial liability extinguished and the consideration paid shall be recognised in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.2 New FRSs that have been issued, but not yet effective and not yet adopted (Cont'd)

- (c) FRS 124 *Related Party Disclosures* and the consequential amendments to FRS 124 are mandatory for annual periods beginning on or after 1 January 2012.

This revised Standard simplifies the definition of a related party and eliminates certain inconsistencies within the superseded version. In addition to this, transactions and balances with government-related entities are broadly exempted from the disclosure requirements of the Standard.

The Group expects to reduce related party disclosures in respect of transactions and balances with government-related entities upon adoption of this Standard.

- (d) Amendments to FRS 112 *Deferred Tax: Recovery of Underlying Assets* are mandatory for annual periods beginning on or after 1 January 2012.

These Amendments apply to the measurement of deferred tax liabilities and deferred tax assets when investment properties are measured using the fair value model under FRS 140 *Investment Property*. The Amendments introduce a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The Group currently provides for deferred tax liabilities for its investment properties on the basis that the carrying amount of the investment properties would be recovered through use. Upon adoption of these amendments, there is a presumption that the carrying amount of an investment property measured at fair value would be recovered entirely through sale. Accordingly, there would be no deferred tax liability on investment properties in Malaysia as the applicable real property gains tax rate is nil. The Group expects the adoption of these Amendments to result in a decrease in deferred tax liabilities of the Group and a corresponding increase in retained earnings upon initial application of the amendments.

- (e) Amendments to FRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2012.

These Amendments include two changes to FRS 1 *First-time adoption of Financial Reporting Standards*. The First amendment replaces references to a fixed date of 1 January 2006 with 'the date of transition to FRSs', thus eliminating the need for entities adopting FRSs for the first time to restate derecognition transactions that occurred before the date of transition to FRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with FRSs after a period when the entity was unable to comply with FRSs because its functional currency was subject to severe hyperinflation.

The Group does not expect any impact on the financial statements arising from the adoption of these Amendments.

- (f) Amendments to FRS 7 *Disclosures – Transfers of Financial Assets* are mandatory for annual periods beginning on or after 1 January 2012.

These Amendments amended the required disclosures to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

The Group does not expect any impact on the financial statements arising from the adoption of these Amendments.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.2 New FRSs that have been issued, but not yet effective and not yet adopted (Cont'd)

- (g) Amendments to FRS 101 *Presentation of Items of Other Comprehensive Income* are mandatory for annual periods beginning on or after 1 July 2012.

These Amendments requires the Group to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) or otherwise. It does not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two group's of other comprehensive income items shall be shown separately.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

- (h) FRS 10 *Consolidated Financial Statements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investor is required to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

- (i) FRS 11 *Joint Arrangements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are classified into two types; joint operations and joint ventures. A joint operation is a joint arrangement whereby joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangements. A joint operator recognises and measures the assets and liabilities in relation to its interest in the arrangement in accordance with applicable relevant FRS whereas a joint venture recognises the investment using the equity method of accounting.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

- (j) FRS 12 *Disclosure of Interests in Other Entities* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard establishes disclosure objectives and requirements that enable users of financial statements to evaluate the nature of, and risks associated with, the Group's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. If the minimum disclosures required in this Standard are not sufficient to meet the disclosure objectives, the Group is expected to disclose whatever additional information that is necessary to meet that objective.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.2 New FRSs that have been issued, but not yet effective and not yet adopted (Cont'd)

- (k) FRS 13 *Fair Value Measurements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard applies to FRS that requires or permits fair value measurements or disclosures about fair value measurements. It explains how to measure fair value for financial reporting and does not require fair value measurements in addition to those already required or permitted by other FRS. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value is a market-based measurement and not an entity-specific measurement whereby assumptions made by market participants would be used when pricing the asset or liability under current market conditions. Consequently, the Group's intention to hold an asset or to settle or fulfill a liability is not relevant when measuring fair value.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

- (l) FRS 127 *Separate Financial Statements* (revised) is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates when separate financial statements are prepared. The Group is required to account for those investments either at cost or in accordance with FRS 9 in the separate financial statements.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

- (m) FRS 128 *Investments in Associates and Joint Ventures* (revised) is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard defines the equity method of accounting whereby the investment in an associate or joint venture is initially measured at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

- (n) FRS 119 *Employee Benefits* (revised) is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard requires the Group to recognise all changes in the defined benefit obligations and in the fair value of related plan assets when those changes occur. The Group is also required to split the changes in the net defined benefit liability or asset into the following three components: service cost (presented in profit or loss), net interest on the net defined benefit liability (presented in profit or loss) and rereasurement of the net defined benefit liability (presented in other comprehensive income and not recycled through profit or loss).

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.2 New FRSs that have been issued, but not yet effective and not yet adopted (Cont'd)

- (o) IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* is mandatory for annual periods beginning on or after 1 January 2013.

This Interpretation clarifies that removed material that can be used to build up inventory is accounted for in accordance with the principles of MFRS 102 *Inventories*. The other removed material, that provides access to deeper levels of material that will be mined in future periods, is recognised as a non-current asset (referred to as a 'stripping activity asset') if recognition criteria are met. This Interpretation requires stripping activity assets to be measured at cost at initial recognition. Consequently, they are carried either at cost or revalued amount less depreciation or amortisation and any impairment losses.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

- (p) Amendments to FRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* is mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

- (q) Amendments to FRS 132 *Offsetting Financial Assets and Financial Liabilities* is mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide application guidance for the criteria to offset financial assets and financial liabilities.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2014.

- (r) FRS 9 *Financial Instruments* is mandatory for annual periods beginning on or after 1 January 2015.

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

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

- (s) Mandatory Effective Date of FRS 9 and Transition Disclosures is effective immediately upon adoption of FRS 9.

This Amendment modifies the effective date of FRS 9 from 1 January 2013 to 1 January 2015. Transitional provisions in FRS 9 were also amended to provide certain relief from retrospective adjustments.

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



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities. However, the Group has elected for the continued use of FRS for the financial year ending 31 December 2012 as a transitioning entity affected by the scope of IC Interpretation 15. The Group would subsequently adopt the MFRS framework for the financial year ended 31 December 2013.

The subsequent adoption of the MFRS framework would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2012 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 31 December 2012 in accordance with MFRS which would form the MFRS comparatives for the quarter ending 31 March 2013 and financial year ending 31 December 2013 respectively.

The MFRSs and IC Interpretations expected to be adopted are as follows:

MFRS 1	First-time Adoption of Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 101	Presentation of Financial Statements
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
MFRS 110	Events After the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 119	Employee Benefits (revised)
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 127	Separate Financial Statements
MFRS 128	Investment in Associates
MFRS 128	Investment in Associates and Joint Ventures
MFRS 129	Financial Reporting in Hyperinflationary Economies



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013 (Cont'd)

The MFRSs and IC Interpretations expected to be adopted are as follows: (Cont'd)

MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture
Improvements to MFRSs	
Amendments to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities	
Mandatory Effective Date of MFRS 9 and Transition Disclosures	
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	MFRS 119 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 107	Introduction of the Euro
IC Interpretation 110	Government Assistance – No Specific Relation to Operating Activities
IC Interpretation 112	Consolidation – Special Purpose Entities
IC Interpretation 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
IC Interpretation 115	Operating Leases – Incentives
IC Interpretation 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Interpretation 129	Service Concession Arrangements: Disclosures
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services
IC Interpretation 132	Intangible Assets – Web Site Costs



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013 (Cont'd)

Technical Release 3 Guidance on Disclosures of Transition to IFRSs ('TR 3') provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. However, the Group is unable to quantify the impact of implementing Malaysian Financial Reporting Framework ('MFRS') since the effects would only be observable for the financial year ending 31 December 2013. Nonetheless, the potential impact arising from differences between the current FRS framework versus the MFRS framework are as follows:

- (a) FRS 116 contains an additional disclosure to require an entity to disclose if it had applied the transitional provision provided by the MASB when FRS 116 was first adopted in 1998. The said transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 116 does not have similar requirements for such a transition.

- (b) FRS 117 contains two transitional provisions, one of which is in relation to the transition from MASB *10 Leases* to FRS 117:

- i. An entity that had previously classified its leasehold land as property, plant and equipment shall reclassify the unamortised carrying amount as operating lease.

If the entity had previously revalued such leasehold land, the entity shall retain the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments.

However, MFRS 117 does not have this transitional provision as the requirement to treat leasehold land as operating lease was already prescribed in IAS 17 *Leases*.

- ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 *Accounting Policies, Changes in Estimates and Errors* when it first applied the revised Standard.

However, MFRS 117 does not have similar requirements for such a transition.

- (c) FRS 121 mandates the use of Ringgit Malaysia as the presentation currency in accordance with the Companies Act, 1965. However, MFRS 121 does not have such a similar requirement.

- (d) FRS 139 contains three transitional provisions, namely:

- i. Transitional provision for first-time adoption of FRS 139 which prohibits retrospective application and instead, requires an initial application of the recognition, classification and measurement on the effective date of the Standard.

- ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the revised Standard.

However, MFRS 139 does not have similar requirements for such a transition.

- (e) FRS 140 contains an additional disclosure to require an entity to disclose that it had applied the transitional provision provided by the MASB in 1998. The same transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 140 does not have similar requirements for such a transition.

- (f) FRS 4 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 4 does not have similar requirements for such a transition.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013 (Cont'd)

(g) FRS 7 contains two transitional provisions:

- i. An entity is not required to present any comparative disclosures required by the Standard when it first applied the Standard.
- ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 7 does not have similar requirements for such a transition.

(h) IC Interpretation 12 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, IC 12 does not have similar requirements for such a transition.

(i) MFRS 141 *Agriculture* is mandatory for annual period beginning on or after 1 January 2013.

This Standard prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activity. It requires measurement at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. This Standard requires that a change in fair value less costs to sell of a biological asset be included in profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements upon adaptation of this standard.

(j) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2013.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

At the end of the reporting period, the Group recognises revenue and associated costs from the construction of real estate by reference to the stage of completion of the construction works. The Group is in the process of assessing the impact of implementing this Interpretation since the effects would only be observable for the financial year ending 31 December 2013.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013 (Cont'd)

- (k) Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* is mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

- (l) Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities* is mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide application guidance for the criteria to offset financial assets and financial liabilities.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2014.

- (m) *Mandatory Effective Date of MFRS 9 and Transition Disclosures* is effective immediately upon adoption of FRS 9.

This Amendment modifies the effective date of MFRS 9 from 1 January 2013 to 1 January 2015. Transitional provisions in MFRS 9 were also amended to provide certain relief from retrospective adjustments.

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Change in estimates

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

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

6.2 Critical judgements

There are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

6.3 Key sources of estimation uncertainty

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

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generated units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The calculations of the value-in-use amount is most sensitive to the following assumptions:

- i. Cash flows are projected based on the management's most recent five (5) years business plan.
- ii. Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projection is 7%.
- iii. Estimated number of units sold based on current market conditions and past performance.

Further details are disclosed in Note 12 to the financial statements.

(b) Property development

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

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

(c) Deferred tax assets

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

(d) Impairment of receivables

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

(e) Fair value of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

Group	Computers RM	Construction- in-progress RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Air conditioner RM	Renovation RM	Total RM
At cost							
Balance as at 1 January 2011	123,584	0	492,370	723,460	17,530	76,388	1,433,332
Acquisition of subsidiaries (Note 10)	2,700	0	0	0	0	0	2,700
Additions	38,735	412,993	197,378	73,850	0	57,995	780,951
Written off	(85,864)	0	(237,063)	0	0	0	(322,927)
Balance as at 31 December 2011	79,155	412,993	452,685	797,310	17,530	134,383	1,894,056
Accumulated depreciation							
Balance as at 1 January 2011	64,380	0	291,347	263,932	5,259	0	624,918
Acquisition of subsidiaries (Note 10)	2,699	0	0	0	0	0	2,699
Current charge	30,569	0	72,334	181,461	1,753	13,439	299,556
Written off	(72,057)	0	(226,857)	0	0	0	(298,914)
Balance as at 31 December 2011	25,591	0	136,824	445,393	7,012	13,439	628,259
Net carrying amount							
Balance as at 31 December 2011	53,564	412,993	315,861	351,917	10,518	120,944	1,265,797

Group	Computers RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Air conditioner RM	Renovation RM	Total RM
At cost						
Balance as at 1 January 2010	0	0	0	0	0	0
Acquisition of subsidiaries (Note 10)	123,584	492,370	723,460	17,530	0	1,356,944
Additions	0	0	0	0	76,388	76,388
Balance as at 31 December 2010	123,584	492,370	723,460	17,530	76,388	1,433,332
Accumulated depreciation						
Balance as at 1 January 2010	0	0	0	0	0	0
Acquisition of subsidiaries (Note 10)	59,014	283,526	255,136	4,967	0	602,643
Current charge	5,366	7,821	8,796	292	0	22,275
Balance as at 31 December 2010	64,380	291,347	263,932	5,259	0	624,918
Net carrying amount						
Balance as at 31 December 2010	59,204	201,023	459,528	12,271	76,388	808,414



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Computers RM	Furniture, fittings and office equipment RM	Total RM
At cost			
Balance as at 1 January 2011	0	0	0
Additions	5,738	5,520	11,258
Balance as at 31 December 2011	5,738	5,520	11,258
Accumulated depreciation			
Balance as at 1 January 2011	0	0	0
Current charge	1,148	1,104	2,252
Balance as at 31 December 2011	1,148	1,104	2,252
Net carrying amount			
Balance as at 31 December 2011	4,590	4,416	9,006

8. INVESTMENT PROPERTIES

	Group	
	2011 RM	2010 RM
Fair value		
Balance as at 1 January	8,925,000	0
Acquisition of subsidiaries on fair value (Note 10)	0	8,510,000
Additions from acquisition	0	389,235
Net gain from fair value adjustment	160,000	25,765
Balance as at 31 December	9,085,000	8,925,000
Rental income from investment properties	475,800	81,192
Direct operating expenses arising from investment properties		
- Rental generating properties	66,136	9,602
- Non-rental generating properties	3,315	552



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2011	2010
	RM	RM
Balance as at 1 January		
- Freehold land, at cost	49,847,456	0
- Development costs	2,480,509	0
	52,327,965	0
Acquisition of subsidiaries (Note 10)		
- Freehold land, at cost	8,191,766	9,598,016
- Development costs	672,537	758,781
	8,864,303	10,356,797
Add: Cost incurred during the financial year		
- Freehold land, at cost	44,495,474	40,249,440
- Development costs	3,547,158	1,721,728
	48,042,632	41,971,168
Less: Transfer to property development costs (Note 15)		
- Freehold land, at cost	(21,731,480)	0
- Development costs	(1,729,792)	0
	(23,461,272)	0
Balance as at 31 December		
- Freehold land, at cost	80,803,216	49,847,456
- Development costs	4,970,412	2,480,509
	85,773,628	52,327,965

The freehold land held for property development with carrying value of RM66,276,328 (2010: RM40,249,440) have been charged to banks for credit facilities granted to subsidiaries (Note 19).

10. INVESTMENT IN SUBSIDIARIES

	Company	
	2011	2010
	RM	RM
At cost		
Unquoted ordinary shares	81,309,501	74,899,501
Redeemable preference shares	31,850,497	19,600,497
	113,159,998	94,499,998



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

10. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) Details of the subsidiaries

Name of subsidiaries	Place of incorporation	Effective interest		Principal activities
		2011	2010	
Cenderaman Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Denmas Sdn. Bhd.	Malaysia	100%	100%	Project and construction management
Denmas Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Epiland Properties Sdn. Bhd.	Malaysia	100%	100%	Property development
Hong Hong Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Intanasia Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Jasnia Sdn. Bhd.	Malaysia	100%	100%	Property development
Juru Heights Sdn. Bhd.	Malaysia	100%	100%	Property development
Langstone Sdn. Bhd.	Malaysia	100%	100%	Investment holding and operation of car park
Palmington Sdn. Bhd.	Malaysia	60%	0%	Property development
Perquest Sdn. Bhd.	Malaysia	100%	100%	Property development
Premcourt Development Sdn. Bhd.	Malaysia	100%	0%	Property development
Pridaman Sdn. Bhd.	Malaysia	100%	0%	Property development
Tokoh Edaran Sdn. Bhd.	Malaysia	100%	100%	Construction management
Tambun Indah Sdn. Bhd.	Malaysia	100%	100%	Property development
Tambun Indah Development Sdn. Bhd.	Malaysia	70%	70%	Property development
TID Development Sdn. Bhd.	Malaysia	100%	100%	Property development
TKS Land Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Zipac Development Sdn. Bhd.	Malaysia	*50%	*50%	Property development



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

10. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) Details of the subsidiaries (Cont'd)

Name of subsidiaries	Place of incorporation	Effective interest		Principal activities
		2011	2010	
Held through TKS Land Sdn. Bhd.:				
Ascention Sdn. Bhd.	Malaysia	*50%	0%	Property development
CBD Land Sdn. Bhd.	Malaysia	*50%	*50%	Property development

The above subsidiaries are all audited by BDO in Malaysia

* The Group is able to govern the financial and operating policies of these companies by virtue of Shareholders' Agreements. Consequently, the Group consolidates its investment in these companies.

(b) Acquisition of subsidiaries

On 4 May 2011, the Company acquired 60% issued and paid-up ordinary share capital of Palmington Sdn. Bhd., a company incorporated in Malaysia which is involved in property development for a cash consideration of RM3,510,000.

On 27 July 2011, the Company acquired 100% issued and paid-up ordinary share capital of Pridaman Sdn. Bhd., a company incorporated in Malaysia which is involved in property development for a cash consideration of RM4,650,000, of which an amount of RM3,750,000 was used for the repayment of advances by shareholder of Pridaman Sdn. Bhd.. As such, the net cash consideration for the investment in Pridaman Sdn. Bhd. is RM900,000.

On 22 September 2011, the Company acquired 100% issued and paid-up ordinary share capital of Premcourt Development Sdn. Bhd., a company incorporated in Malaysia which is involved in property development for a cash consideration of RM5,500,000, of which an amount of RM3,500,000 was used for the repayment of advances by shareholder of Premcourt Development Sdn. Bhd.. As such, the net cash consideration for the investment in Premcourt Development Sdn. Bhd. is RM2,000,000 (where contingent consideration of RM500,000 has been included).

On 29 December 2011, its wholly-owned subsidiary company TKS Land Sdn. Bhd. acquired 50% issued and paid-up ordinary share capital of Ascention Sdn. Bhd., a company incorporated in Malaysia which is involved in property development for a cash consideration of RM200,000.

The above acquisitions by the Group were to strengthen its position as a leading property developer in the Northern region of Malaysia and to sustain its property development activities.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

10. INVESTMENT IN SUBSIDIARIES (Cont'd)

(b) Acquisition of subsidiaries (Cont'd)

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

	2011 Carrying/ Fair value RM	2010 Fair value RM	Carrying value RM
Non-current assets			
Property, plant and equipment (Note 7)	1	754,301	754,301
Land held for property development (Note 9)	8,864,303	10,356,797	10,356,797
Investment properties (Note 8)	0	8,510,000	8,510,000
Deferred tax assets (Note 13)	60,000	0	0
	<u>8,924,304</u>	<u>19,621,098</u>	<u>19,621,098</u>
Current assets			
Property development cost (Note 15)	11,586,272	70,600,831	68,606,523
Receivables, deposits and prepayments	1,145,707	45,404,935	45,404,935
Current tax assets	0	2,730,080	2,730,080
Fixed deposits with licensed banks	1,405,679	14,534,825	14,534,825
Cash and bank balances	1,458,994	29,686,953	29,686,953
	<u>15,596,652</u>	<u>162,957,624</u>	<u>160,963,316</u>
Non-current liabilities			
Payables	(11,131,451)	(26,117,369)	(26,117,369)
Bank overdraft	0	(4,515,229)	(4,515,229)
Borrowings	(6,025,683)	(24,667,146)	(24,667,146)
Tax payable	(48,911)	(3,022,508)	(3,022,508)
Deferred tax liabilities (Note 13)	0	(335,450)	(335,450)
	<u>(17,206,045)</u>	<u>(58,657,702)</u>	<u>(58,657,702)</u>
Fair value of net assets	7,314,911	123,921,020	
Less: Non-controlling interest as at acquisition date	(2,490,382)	(12,939,873)	
Group's share of net assets	4,824,529	110,981,147	
Goodwill on acquisition (Note 12)	1,837,580	431,380	
Bargain purchase	(52,109)	(16,912,529)	
Total cost of acquisition	<u>6,610,000</u>	<u>94,499,998</u>	

The cash (outflow)/inflow on the acquisitions are as follows:

Cash paid	(6,610,000)	0
Cash and cash equivalent of subsidiaries acquired	2,864,673	39,706,549
Cash (outflow)/inflow of the Company on acquisitions	<u>(3,745,327)</u>	<u>39,706,549</u>

(ii) The effect of the acquisitions on the financial results of the Group from the date of acquisition to 31 December 2011 are as follows:

	2011 RM	2010 RM
Revenue	5,201,968	39,608,289
Profit for the financial year	<u>838,314</u>	<u>26,282,492</u>

Had the business combination taken place at the beginning of the year, the Group's revenue would have been RM192,738,483 and the profit for the financial year would have been RM33,723,038.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

11. INVESTMENT IN AN ASSOCIATE [2011 ONLY]

	Group 2011 RM	Company 2011 RM
At cost		
Unquoted ordinary shares	831,079	831,079
Redeemable preference shares	840,000	840,000
Share of post acquisition profits	(35,137)	0
	1,635,942	1,671,079

The details of the associate company are as follows:

Name of company	Place of incorporation	Effective interest 2011	Principal activity
Ikhtiar Bitara Sdn. Bhd.	Malaysia	45%	Property development

The financial statements of the above associate has a financial year end of 31 October 2011. In applying the equity method of accounting, the financial statement of Ikhtiar Bitara Sdn. Bhd. for the financial year ended 31 October 2011 has been used and appropriate adjustment has been made for the effects of significant transactions between 31 October 2011 and 31 December 2011.

The summarised financial information of the associate are as follows:

	Group 2011 RM
Assets and liability	
Current assets	2,321,725
Non-current assets	132,477
Total assets	2,454,202
Current liability	1,308,669
Total liability	1,308,669
Results	
Revenue	0
Loss for the financial year	(78,082)

12. GOODWILL ON CONSOLIDATION

	Group 2011 RM	2010 RM
Cost		
Balance as at 1 January	431,380	0
Acquisition of subsidiaries (Note 10)	1,837,580	431,380
	2,268,960	431,380
Written off	(502,724)	0
Balance as at 31 December	1,766,236	431,380



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

12. GOODWILL ON CONSOLIDATION (Cont'd)

The goodwill written off is based on management's decision.

For the purpose of impairment testing, goodwill is allocated to the Group's Cash-generating Units ("CGU") identified according to the operating segments as follows:

	Group	
	2011	2010
	RM	RM
Property development	1,766,236	431,380

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

- (i) Cash flows are projected based on the management's most recent five (5) years business plan.
- (ii) Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projection is 7%.
- (iii) Estimated number of units sold based on current market conditions and past performances.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

13. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2011	2010
	RM	RM
Balance as at 1 January	1,129,950	0
Acquisition of subsidiaries (Note 10)	(60,000)	335,450
Recognised in profit or loss (Note 31):		
- property, plant and equipment	(100)	(3,500)
- property development costs	1,221,400	797,800
- (over)/underprovision in respect of prior financial year	(37,900)	200
Balance as at 31 December	2,253,350	1,129,950
Presented after appropriate offsetting:		
Deferred tax assets, net	(640,000)	0
Deferred tax liabilities, net	2,893,350	1,129,950
	2,253,350	1,129,950



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

13. DEFERRED TAX (Cont'd)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	2011 RM	2010 RM
Deferred tax liabilities of the Group		
Balance as at 1 January		
- property, plant and equipment	2,450	0
- property development costs	1,127,500	0
	<hr/> 1,129,950	<hr/> 0
Acquisition of subsidiaries (Note 10)	0	335,450
Recognised in profit or loss (Note 31):		
- property, plant and equipment	(100)	(3,500)
- property development costs	1,801,400	797,800
- (over)/underprovision in respect of prior financial year	(37,900)	200
Balance as at 31 December	<hr/> 2,893,350	<hr/> 1,129,950

The deferred tax liabilities of the Group at end of the financial year are analysed as follows:

	2011 RM	2010 RM
Property, plant and equipment	2,350	2,450
Property development costs	2,891,000	1,127,500
	<hr/> 2,893,350	<hr/> 1,129,950

	2011 RM	2010 RM
Deferred tax assets of the Group		
Balance as at 1 January	0	0
Acquisition of subsidiaries (Note 10)		
- property development costs	60,000	0
Recognised in profit or loss (Note 31):		
- property development costs	580,000	0
Balance as at 31 December	<hr/> 640,000	<hr/> 0



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

13. DEFERRED TAX (Cont'd)

- (c) The amount of temporary differences for which no deferred tax asset has been recognised in the statement of the financial position are as follows:

	Group	
	2011	2010
	RM	RM
Property, plant and equipment	(4,400)	(9,700)
Property development costs	0	80,400
Unabsorbed tax losses	59,900	59,900
	<u>55,500</u>	<u>130,600</u>

Deferred tax assets of certain subsidiaries had not been recognised in respect of these items as it was not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

14. INVENTORIES [2011 ONLY]

	Group
	2011
	RM
At cost	
Completed development properties	<u>2,779,717</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

15. PROPERTY DEVELOPMENT COSTS

	Group	
	2011 RM	2010 RM
Balance as at 1 January		
- Freehold land, at cost	77,500,523	0
- Development costs	153,212,298	0
	230,712,821	0
Acquisition of subsidiaries (Note 10)		
- Freehold land, at cost	8,697,721	92,817,858
- Development costs	3,584,244	189,673,204
	12,281,965	282,491,062
Add: Transfer from land held for property development (Note 9)		
- Freehold land, at cost	21,731,480	0
- Development costs	1,729,792	0
	23,461,272	0
Add: Costs incurred during the financial year		
- Freehold land, at cost	22,417,519	0
- Development costs	116,053,350	14,818,551
	138,470,869	14,818,551
Less:		
- Allowance for foreseeable losses	0	(8,480)
- Costs eliminated due to completion of project	(134,810,595)	(66,588,312)
Balance as at 31 December	270,116,332	230,712,821
Cost recognised in profit or loss:		
Balance as at 1 January	(165,873,243)	0
Acquisition of subsidiaries (Note 10)	(695,693)	(211,890,231)
Recognised during the financial year	(124,199,614)	(20,571,324)
Costs eliminated due to completion of project	134,810,595	66,588,312
Balance as at 31 December	(155,957,955)	(165,873,243)
Transfer to inventories	(848,632)	0
Balance as at 31 December	113,309,745	64,839,578



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

15. PROPERTY DEVELOPMENT COSTS (Cont'd)

Included in the property development costs are the following charges incurred during the financial year:

	Group	
	2011 RM	2010 RM
Directors of the Company		
Executive Directors		
Directors' remuneration (Note 30)		
- other emoluments	0	69,000
Directors of the Subsidiaries		
Executive Director		
Directors' remuneration (Note 30)		
- other emoluments	101,426	21,103
Staff costs (exclude Directors' remuneration)	50,962	8,468
Interest on bank overdraft	139,953	9,648
Interest on bridging loans	267,517	95,063
Interest on term loans	1,039,055	305,735

Interest is capitalised in property development costs at rates ranging from 4.30% to 7.60% (2010: 4.06% to 7.30%) per annum.

Freehold land held under development with carrying value of RM81,818,163 (2010: RM35,202,385) has been charged to banks for credit facilities granted to subsidiaries (Note 19).

Included in Directors' remuneration and staff costs of the Group are contributions to a defined contribution plan amounting to RM10,800 and RM5,400 (2010: RM11,250 and RM900) respectively.

16. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables	18,034,475	14,582,292	0	0
Non-trade receivables	315,188	171,667	4,200	0
Accrued billings in respect of property development costs	41,338,505	18,898,593	0	0
Amount due from an associate	547,421	0	547,421	0
Amount due from customers for contract work	1,361	22,493,342	0	0
Amount due from subsidiaries	0	0	33,157,645	7,000,000
Deposits	4,919,250	174,554	15,540	0
Prepayments	138,949	2,130,822	137,656	1,329,329
	65,295,149	58,451,270	33,862,462	8,329,329



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

16. RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

All receivables are denominated in RM.

(a) Trade receivables

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company are generally on 30 days term. They are recognised at their original billing amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011	2010
	RM	RM
Neither past due nor impaired	16,706,309	11,409,977
1 to 30 days past due not impaired	1,028,516	1,731,090
31 to 60 days past due not impaired	80,400	138,760
61 to 90 days past due not impaired	48,300	470,021
More than 91 days past due not impaired	170,950	832,444
	18,034,475	14,582,292

Receivables that are neither past due nor impaired

Trade receivables are creditworthy debtors with good payment records with the Group.

Included in trade receivables that are neither past due nor impaired is an amount of RM621,945 (2010: RM2,376,126) held by solicitor as stakeholders.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,328,166 (2010: RM3,172,315) that are past due at the reporting date but not impaired. These relate to customers for whom there are no recent historical of default, purchasers with end financing from reputable financial institutions or and titles being held by the group until receipt of full payment. There is no objective evidence that the receivables are not fully recoverable.

(b) Amount due from customers for contract work

The amount due from customers for contract work are represented by:

	Group	
	2011	2010
	RM	RM
Construction contract costs	68,412,494	64,350,398
Attributable profits	27,638,755	26,022,873
	96,051,249	90,373,271
Progress billings	(94,728,700)	(67,879,929)
	1,322,549	22,493,342
Transfer to inventories	(1,321,186)	0
	1,363	22,493,342



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

16. RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

(b) Amount due from customers for contract work (Cont'd)

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

	Group	
	2011 RM	2010 RM
Directors of the Company		
Executive Directors		
Directors' remuneration (Note 30)		
- other emoluments	0	245,740
	0	207,786
Staff costs (exclude Directors' remuneration)	0	207,786

Included in Directors' remuneration and staff costs of the Group are contributions to a defined contribution plan amounting to RM Nil (2010: RM30,240 and RM21,751) respectively.

(c) Amount due from subsidiaries

Include in the amount due from subsidiaries amounting to RM31,774,676 (2010: RM7,000,000) is non-trade in nature, bear interest at 4% (2010: Nil %) per annum, unsecured and payable upon demand in cash and cash equivalents.

(d) Amount due from an associate

The amount due from an associate is unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	33,875,499	15,514,992	3,361,606	4,929
Fixed deposits with licensed banks	5,415,211	11,675,262	0	0
	39,290,710	27,190,254	3,361,606	4,929

All cash and cash equivalents are denominated in RM.

- (a) Included in the Group's cash and bank balances is an amount of RM17,037,762 (2010: RM3,058,625) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002.
- (b) Information on financial risk of cash and cash equivalents are disclosed in Note 40 to the financial statements.
- (c) Included in the fixed deposits is an amount of RM817,044 (2010: RM123,518) pledged as securities for bank guarantees granted to the Group.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

17. CASH AND CASH EQUIVALENTS (Cont'd)

- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	33,875,499	15,514,992	3,361,606	4,929
Deposits with licensed banks	4,598,167	11,551,744	0	0
Bank overdrafts included in borrowings (Note 19)	(859,318)	(3,116,573)	0	0
	<u>37,614,348</u>	<u>23,950,163</u>	<u>3,361,606</u>	<u>4,929</u>

18. SHARE CAPITAL

	Group and Company			
	2011 No. of shares	2010 No. of shares	2011 RM	2010 RM
Authorised				
Ordinary shares of RM0.50 each				
Balance as at 1 January	500,000,000	200,000	250,000,000	100,000
Created during the financial year	0	499,800,000	0	249,900,000
Balance as at 31 December	<u>500,000,000</u>	<u>500,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Issued and fully paid				
Ordinary shares of RM0.50 each				
Balance as at 1 January	189,000,000	4	94,500,000	2
Issued for acquisition of subsidiaries	0	188,999,996	0	94,499,998
Public issue	32,000,000	0	16,000,000	0
Balance as at 31 December	<u>221,000,000</u>	<u>189,000,000</u>	<u>110,500,000</u>	<u>94,500,000</u>

- (a) During the financial year, the issued and paid-up share capital of the Company was increased from RM94,500,000 to RM110,500,000 by way of public issuance of 32,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.70 each ("Public Issue") pursuant to the listing and quotation of its ordinary shares on the Main Market of Bursa Malaysia Securities Berhad. The total proceeds raised from the Public Issue amounted to RM22,400,000.
- (b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.
- (c) 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 such 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 shareholders. The Company does not have any Section 108 tax credit and thus it will be automatically moved to the new single tier dividend system.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

19. BORROWINGS

	Group	
	2011	2010
	RM	RM
<u>Current liabilities</u>		
Secured		
Bank overdraft (Note 17(d))	859,318	3,116,573
Bridging loans	0	12,852,241
Term loans	5,154,948	2,435,381
	6,014,266	18,404,195
<u>Non-Current liability</u>		
Secured		
Term loans	71,938,087	4,664,619
	77,952,353	23,068,814
<u>Total borrowings</u>		
Bank overdraft (Note 20)	859,318	3,116,573
Bridging loans (Note 21)	0	12,852,241
Term loans (Note 22)	77,093,035	7,100,000
	77,952,353	23,068,814

All borrowings are denominated in RM.

20 . BANK OVERDRAFT

The bank overdraft is secured by:

- (a) Legal charge over certain parcel of a freehold property under development as disclosed in Note 15 to the financial statements; and
- (b) Corporate guarantee by Nadayu Properties Berhad and the Company.

Information on financial risks of borrowings and its remaining maturity is disclosed in Note 40 to the financial statements.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

21. BRIDGING LOANS [2010 ONLY]

The bridging loans of the Group were secured by:

- (a) Legal charge over one parcel of a freehold property under development as disclosed in Note 15 to the financial statements; and
- (b) Corporate guarantee by Nadayu Properties Berhad and the Company.

Information on financial risks of borrowings and its remaining maturity is disclosed in Note 40 to the financial statements.

22. TERM LOANS

The term loans are secured by:

- (a) Legal charge over the Group's development land as disclosed in Note 9 and 15 to the financial statements; and
- (b) Corporate guarantee by Nadayu Properties Berhad and the Company.

Information on financial risks of borrowings and its remaining maturity is disclosed in Note 40 to the financial statements.

23. PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables	22,204,662	19,121,510	0	0
Non-trade payables	17,859,510	34,609,795	3,000,000	20,000
Progress billings in respect of property development costs	5,760,012	131,146	0	0
Amount due to subsidiaries	0	0	25,790,000	8,329,877
Accruals	2,899,056	550,083	182,500	11,500
Deposits received	1,676,574	817,940	0	0
	<u>50,399,814</u>	<u>55,230,474</u>	<u>28,972,500</u>	<u>8,361,377</u>

All payables are denominated in RM.

- (a) Trade payables are non-interest bearing and the normal trade credits granted to the Company is 30 days (2010: 30 days). Included in trade payables of the Group is retention sum on contracts amounting to RM10,769,172 (2010: RM12,373,070).
- (b) Amount due to subsidiaries is unsecured, non-trade in nature, bear interest at 4% (2010: Nil %) per annum and payable upon demand in cash and cash equivalents.
- (c) Information on financial risks of trade and other payables are disclosed in Note 40 to the financial statements.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

24. REVENUE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Property development revenue	182,785,989	27,818,410	0	0
Contract revenue	8,463,487	11,691,867	0	0
Project management fees	0	0	1,382,969	0
Rental income from investment properties	475,800	81,192	0	0
Operation of car park	118,482	16,820	0	0
Dividend income from subsidiaries	0	0	20,400,000	0
	<u>191,843,758</u>	<u>39,608,289</u>	<u>21,782,969</u>	<u>0</u>

25. COST OF SALES

	Group	
	2011 RM	2010 RM
Property development cost	125,242,188	20,571,324
Contract works	5,358,407	6,978,480
	<u>130,600,595</u>	<u>27,549,804</u>

26. INTEREST INCOME

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest income from:				
Financial institution	705,940	55,844	99,149	0
Loans and receivables				
- subsidiaries	0	0	345,565	0
- third parties	136,547	35,049	0	0
	<u>842,487</u>	<u>90,893</u>	<u>444,714</u>	<u>0</u>

27. OTHER INCOME

	Group	
	2011 RM	2010 RM
Administrative charges	34,660	110
Bargain purchase gain	52,109	16,912,529
Deposit forfeited	79,540	11,500
Upgrading works	204,724	4,998
Fair value adjustments on investment properties	160,000	25,765
	<u>531,033</u>	<u>16,954,902</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

28. FINANCE COSTS [2011 ONLY]

	Group 2011 RM	Company 2011 RM
Interest expense on:		
- term loans	775,034	0
- advances from subsidiaries	0	448,617
	<u>775,034</u>	<u>448,617</u>

29. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/(Loss) before tax is arrived at after charging:				
Auditors' remuneration				
- statutory audits	141,500	52,700	25,000	12,000
- other services	43,000	0	40,500	0
Listing expenses	2,674,165	0	2,674,165	0
Depreciation of property, plant and equipment (Note 7)	299,556	22,275	2,252	0
Directors' remuneration (Note 30)				
- fee	170,000	0	170,000	0
- other emoluments	1,415,575	110,400	9,600	0
Goodwill on consolidation written off (Note 12)	502,724	0	0	0
Property, plant and equipment written off (Note 7)	24,013	0	0	0
Rental of automatic parking machine	12,000	2,000	0	0
Office- Rental	28,200	52,330	0	0
Show unit- Rental	35,280	0	0	0



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

30. DIRECTORS' REMUNERATION

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of the Company				
Executive Directors				
Directors' fee	48,000	0	48,000	0
Salaries and other emoluments	994,000	120,000	9,600	0
Bonus	238,500	251,500	0	0
Defined contribution plan	183,075	53,640	0	0
	<u>1,463,575</u>	<u>425,140</u>	<u>57,600</u>	<u>0</u>
Less:				
- capitalised in property development cost (Note 15)	0	(69,000)	0	0
- capitalised in construction costs (Note 16)	0	(245,740)	0	0
Total executive directors' remuneration (exclude benefits-in-kind) (Note 29)	<u>1,463,575</u>	<u>110,400</u>	<u>57,600</u>	<u>0</u>
Estimated money value of benefits-in-kind	28,750	3,211	0	0
Total executive directors' remuneration (including benefits-in-kind)	<u>1,492,325</u>	<u>113,611</u>	<u>57,600</u>	<u>0</u>
Directors of the Company				
Non-executive Directors				
- Directors' fee (Note 29)	<u>122,000</u>	<u>0</u>	<u>122,000</u>	<u>0</u>
Directors of the Subsidiaries				
Executive Director				
Salaries and other emoluments	75,626	10,103	0	0
Bonus	15,000	8,750	0	0
Defined contribution plan	10,800	2,250	0	0
	<u>101,426</u>	<u>21,103</u>	<u>0</u>	<u>0</u>
Less:				
- capitalised in property development costs (Note 15)	(101,426)	(21,103)	0	0
Total executive directors' remuneration (excluding benefits-in-kind) (Note 29)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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	
	2011	2010
Executive Directors		
RM50,001 - RM100,000	0	1
RM100,001 - RM150,000	0	1
RM200,001 - RM250,000	1	0
RM250,001 - RM300,000	0	1
RM350,001 - RM400,000	1	0
RM850,001 - RM900,000	<u>1</u>	<u>0</u>



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

30. DIRECTORS' REMUNERATION (Cont'd)

	Number of directors	
	2011	2010
Non-executive Directors		
RM1 - RM50,000	5	0
Director of the Subsidiary		
Executive Director		
RM100,001 - RM150,000	1	0

31. TAX EXPENSE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
The major components of the tax expense are:				
Current tax expense based on profit for the financial year	11,880,711	1,352,185	1,078,500	0
Underprovision of taxation in respect of prior financial year	2,246	1	0	0
	11,882,957	1,352,186	1,078,500	0
Deferred tax (Note 13):				
- relating to origination and reversal of temporary differences	1,221,300	794,300	0	0
- (over)/underprovision in respect of prior financial year	(37,900)	200	0	0
	13,066,357	2,146,686	1,078,500	0

Reconciliation of tax expense and accounting profit/(loss):

Accounting profit/(loss) before tax	46,760,761	28,411,906	17,284,772	(17,272)
Tax at the applicable tax rate of 25%	11,690,100	7,103,000	4,321,200	(4,300)
Tax effect in respect of:				
Income not subject to tax	(47,670)	(4,566,470)	(4,206,200)	0
Non-allowable expenses	1,478,381	26,750	963,500	0
Different tax rate for first RM500,000 of chargeable income	0	6,835	0	0
Permanent loss not recognised during the financial year	56,300	3,400	0	4,300
Underprovision of taxation in respect of prior financial year	2,246	1	0	0
Deferred tax assets not recognised during the financial year	3,500	6,670	0	0
(Over)/Underprovision of deferred tax liabilities in respect of prior financial year	(37,900)	200	0	0
Utilisation of deferred tax assets previously not recognised	(78,600)	(433,700)	0	0
Tax expense for the financial year	13,066,357	2,146,686	1,078,500	0



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

32. EARNINGS PER SHARE

(a) Basic

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

	Group	
	2011 RM	2010 RM
Profit attributable to equity holders of the parent	23,378,513	25,228,347
Weighted average number of ordinary shares in issue (units)	219,421,918	25,890,414
Basic earnings per share (sen)	10.65	97.44

(b) Diluted

As there are no dilutive ordinary shares during the financial year, no diluted earning per share is presented.

33. DIVIDEND [2011 ONLY]

	Company	
	Gross dividend per share sen	Amount of dividend net of tax RM
Interim dividend paid	4.60	10,166,000

A first and final tax exempt dividend in respect of the financial year ended 31 December 2011 of 3.8 sen per ordinary share, amounting to RM8,398,000 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2012.

34. EMPLOYEE BENEFITS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages, salaries and bonuses	3,862,737	620,625	601,659	0
Directors' fee	48,000	0	48,000	0
Contributions to defined contribution plan	514,652	81,942	71,928	0
Social security contributions	25,584	1,966	5,480	0
Commission	460,000	0	0	0
Other benefits	278,453	8,907	48,236	0
	5,189,426	713,440	775,303	0

Include in the employee benefits of the Group are Executive Directors' remuneration amounting to RM1,463,575 (2010: RM425,140).



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

35. CAPITAL COMMITMENTS

	Group	
	2011	2010
	RM	RM
Approved and contracted for:		
- Development land	169,758,540	59,982,255

36. CONTINGENT LIABILITIES

	Group and Company	
	2011	2010
	RM	RM
Corporate guarantee given to banks for credit facilities granted to subsidiaries - unsecured	92,940,000	0

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

37. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) In addition to the transaction and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Progress claimed charged to associate	286,568	0	0	0
Rental received from a company of which a Director has interest	4,300	0	0	0
Rental paid to a company of which a Director has interest	63,480	0	0	0
Payment of professional services rendered for consulting civil and structural engineer to a company of which a Director has interest	64,620	0	0	0



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

37. RELATED PARTY DISCLOSURES (Cont'd)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Payment of services rendered for external telecom, electronic works and street lighting to a company of which a Director has interest	324,711	0	0	0
Dividend received from subsidiaries	0	0	20,400,000	0
Project management fee charged to subsidiary	0	0	1,382,969	0
Interest charged to subsidiaries	0	0	345,565	0
Interest charged by subsidiaries	0	0	448,617	0

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term employee benefits	1,659,233	371,500	436,332	0
Contributions to defined contribution plans	216,681	53,640	33,606	0
	1,875,914	425,140	469,938	0

38. OPERATING SEGMENTS

Tambun Indah Land Berhad and its subsidiaries are principally engaged in investment holding, property development, construction and project management.

Tambun Indah Land Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Investment holding - Operation of car park and rental income.
- (ii) Property development - Development of land into vacant lots, residential, commercial and industrial buildings.
- (iii) Construction and project management - Construction and project management activities.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

38. OPERATING SEGMENTS (Cont'd)

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring gain/(losses), such as bargain purchase gain and goodwill on consolidation written off.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial year.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities.

(a) Business Segments

	Investment holding RM	Property development RM	Construction and project management RM	Group RM
2011				
Revenue:				
Total revenue	21,249,742	182,785,989	42,086,411	246,122,142
Inter-segment revenue	(20,655,460)	0	(33,622,924)	(54,278,384)
Revenue from external customer	594,282	182,785,989	8,463,487	191,843,758
Interest income	102,651	659,732	80,104	842,487
Finance costs	0	(775,034)	0	(775,034)
Net finance expense	102,651	(115,302)	80,104	67,453
Depreciation of property, plant and equipment	(3,391)	(40,266)	(255,899)	(299,556)
Segment profit before income tax	686,263	47,986,386	2,148,949	50,821,598
Share of loss of an associate	0	(35,137)	0	(35,137)
Tax expense	(336,009)	(12,278,954)	(451,394)	(13,066,357)
Other non-cash items:				
- bargain purchase gain	52,109	0	0	52,109
- goodwill on consolidation written off	(502,724)	0	0	(502,724)
- net gain from fair value adjustment on investment properties	160,000	0	0	160,000
Investment in an associate	0	1,635,942	0	1,635,942
Additions to non-current assets other than financial instruments and tax assets	171,258	48,755,540	323,350	49,250,148
Segment assets	14,918,958	301,771,596	3,511,370	320,201,924
Segment liabilities	3,233,943	118,915,998	6,202,226	128,352,167



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

38. OPERATING SEGMENTS (Cont'd)

(a) Business Segments (Cont'd)

	Investment holding RM	Property development RM	Construction and project management RM	Group RM
2010				
Revenue:				
Total revenue	130,242	27,818,410	12,798,354	40,747,006
Inter-segment revenue	(32,230)	0	(1,106,487)	(1,138,717)
Revenue from external customer	98,012	27,818,410	11,691,867	39,608,289
Interest income	583	88,472	1,838	90,893
Depreciation of property, plant and equipment	(240)	(6,445)	(15,590)	(22,275)
Segment profit before income tax	105,494	5,629,139	5,764,744	11,499,377
Tax expense	(20,955)	(1,299,291)	(826,440)	(2,146,686)
Other non-cash items:				
- bargain purchase gain	16,912,529	0	0	16,912,529
- net gain from fair value adjustment on investment properties	25,765	0	0	25,765
Additions to non-current assets other than financial instruments and tax assets	389,235	41,971,168	76,388	42,436,791
Segment assets	11,290,451	172,728,931	28,954,479	212,973,861
Segment liabilities	412,403	66,881,207	11,005,678	78,299,288

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

Revenue

	2011 RM	2010 RM
Total revenue for reportable segments	246,122,142	40,747,006
Elimination of inter-segmental revenues	(54,278,384)	(1,138,717)
Group's revenue per consolidated statement of comprehensive income	191,843,758	39,608,289



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

38. OPERATING SEGMENTS (Cont'd)

(a) Business Segments (Cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows: (Cont'd)

Profit for the financial year

	2011 RM	2010 RM
Total profit for reportable segments	50,821,598	11,499,377
Unallocated amount:		
- corporate expenses	(3,610,222)	0
Bargain purchase gain	52,109	16,912,529
Goodwill on consolidation written off	(502,724)	0
Profit before tax	46,760,761	28,411,906
Income tax expenses	(13,066,357)	(2,146,686)
	<u>33,694,404</u>	<u>26,265,220</u>

Assets

	2011 RM	2010 RM
Total assets for reportable segments	320,201,924	212,973,861
Deferred tax assets	640,000	0
Current tax assets	1,342,872	2,254,549
Group's assets	<u>322,184,796</u>	<u>215,228,410</u>

Liabilities

	2011 RM	2010 RM
Total liabilities for reportable segments	128,352,167	78,299,288
Deferred tax liabilities	2,893,350	1,129,950
Current tax liabilities	3,575,249	2,103,928
Group's liabilities	<u>134,820,766</u>	<u>81,533,166</u>

(b) Geographical segments

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

There are no single external customers that the revenue generated from exceeded 10% of the Group's revenue.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

39. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group and the Company remains unchanged from that in the financial year ended 31 December 2010.

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 2011 and 31 December 2010.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a capital gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep capital gearing ratio at 50% determined as the proportion of net debt to equity. The Group includes within net debt, loans and borrowings less cash and cash equivalents. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Borrowings	77,952,353	23,068,814	0	0
Less: Cash and cash equivalents (Note 17)	(39,290,710)	(27,190,254)	(3,361,606)	(4,929)
Net debt/(cash)	38,661,643	(4,121,440)	(3,361,606)	(4,929)
Total capital	155,331,011	119,718,498	122,913,151	94,472,879
Net debt/(cash)	38,661,643	(4,121,440)	(3,361,606)	(4,929)
Equity	193,992,654	115,597,058	119,551,545	94,467,950
Capital gearing ratio	19.9%	*	*	*

* Capital gearing ratio is not presented as the Group is in net cash position as at 31 December 2010 and the Company is in net cash position as at 31 December 2011 and 31 December 2010 respectively.

(b) Categories of financial instruments

	Group RM	Company RM
Loans and receivables		
2011		
Financial assets		
Receivables, excluding deposits and prepayments	60,236,950	33,709,266
Cash and cash equivalents	39,290,710	3,361,606
	99,527,660	37,070,872
2010		
Financial assets		
Receivables, excluding deposits and prepayments	56,145,894	7,000,000
Cash and cash equivalents	27,190,254	4,929
	83,336,148	7,004,929



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

39. FINANCIAL INSTRUMENTS (Cont'd)

(b) Categories of financial instruments (Cont'd)

	Group RM	Company RM
Other financial liabilities		
2011		
Financial liabilities		
Borrowings	77,952,353	0
Payables	50,399,814	28,972,500
	128,352,167	28,972,500
2010		
Financial liabilities		
Borrowings	23,068,814	0
Payables	55,230,474	8,361,377
	78,299,288	8,361,377

(c) Methods and assumptions used to estimate fair value

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

The carrying amounts of financial assets and liabilities, such as receivables, payables and borrowings are reasonable approximation of fair value, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

The Group and the Company operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group and the Company financial risk management policies. The Group and the Company is exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk arises primarily from trade receivables. For other financial assets, cash and bank balances, the Company minimise credit risk by dealing exclusively with high credit rating counterparties.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Credit risk (Cont'd)

The Group and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as provided for in the sales and purchase agreements. For those sales on cash basis which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments have been made. This is the normal industry practice currently.

Exposure to credit risk

At the end of the reporting date, the Group and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

As at the end of the reporting period, the Group and the Company have no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 16 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due nor impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 to the financial statements.

(b) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet its financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group and the Company measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group and the Company's activities.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

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

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
As at 31 December 2011				
Group				
Financial liabilities:				
Payables	50,399,814	0	0	50,399,814
Borrowings	9,350,727	76,161,467	3,071,858	88,584,052
Total undiscounted financial liabilities	59,750,541	76,161,467	3,071,858	138,983,866



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Liquidity and cash flow risk (Cont'd)

	On demand or within one year RM	One to five years RM	Total RM
Company			
Financial liabilities:			
Payables	28,972,500	0	28,972,500
Total undiscounted financial liabilities	<u>28,972,500</u>	<u>0</u>	<u>28,972,500</u>
As at 31 December 2010			
Group			
Financial liabilities:			
Payables	55,230,474	0	55,230,474
Borrowings	18,805,748	4,822,821	23,628,569
Total undiscounted financial liabilities	<u>74,036,222</u>	<u>4,822,821</u>	<u>78,859,043</u>
Company			
Financial liabilities:			
Payables	8,361,377	0	8,361,377
Total undiscounted financial liabilities	<u>8,361,377</u>	<u>0</u>	<u>8,361,377</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company's exposure to interest rate risk arises primarily from variable loans and borrowings.

As at the reporting date, the Group and the Company do not engage any interest hedging instruments in respect of such interest rate fluctuations.

Sensitivity analysis for interest rate risk

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2011. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's profit after tax would decrease or increase by RM58,200, as a result of higher or lower interest expense on these borrowings.

For those interest expense incurred and capitalised as part of the expenditure on property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM116,300, as a result of higher or lower interest expense on these borrowings.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Company's financial instruments that are exposed to interest rate risk:

	Note	Interest rate %	Within 1 year					Total RM
			1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	
As at 31 December 2011								
Fixed rates								
Deposits with licensed banks	17	3.00 - 3.25	5,415,211	0	0	0	0	5,415,211
Floating rates								
Cash and bank balances	17	2.00	33,875,499	0	0	0	0	33,875,499
Term loan	19	4.30 - 5.35	(5,154,948)	(13,632,740)	(17,533,340)	(17,722,205)	(19,999,802)	(77,093,035)
Bank overdrafts	19	4.60	(859,318)	0	0	0	0	(859,318)
As at 31 December 2010								
Fixed rates								
Deposits with licensed banks	17	2.00 - 2.95	11,675,262	0	0	0	0	11,675,262
Floating rates								
Cash and bank balances	17	2.00	15,514,992	0	0	0	0	15,514,992
Bank overdrafts	19	6.80	(3,116,573)	0	0	0	0	(3,116,573)
Term loan	19	5.05	(2,435,381)	(4,664,619)	0	0	0	(7,100,000)
Bridging loans	19	7.30	(12,852,241)	0	0	0	0	(12,852,241)



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

- (a) On 4 May 2011, the Company completed the acquisition of 3,453,600 ordinary shares of RM1.00 each, representing 60% of the total issued and paid up share capital of Palmington Sdn. Bhd. for a total cash consideration of RM3,510,000.
- (b) On 4 May 2011, Palmington Sdn. Bhd., a 60%-owned subsidiary of the Company entered into a master agreement and five (5) separate sales and purchase agreements (Parcel R1, R2, R3, C and Amenities Land respectively) with Pembangunan Bandar Mutiara Sdn. Bhd. to purchase an undeveloped land bank located in a new township development known as Bandar Tasek Mutiara (marketed as Pearl City) in the locality of Simpang Ampat, Mukim 15, Province Wellesley South, Penang measuring approximately 526.7531 acres for a purchase consideration of RM233,223,021 to be satisfied fully in cash.

On 5 September 2011, all the conditions precedent stipulated in the master agreement and sale and purchase agreements entered into between Palmington Sdn. Bhd. and Pembangunan Bandar Mutiara Sdn. Bhd. ("SPA(s)") were fulfilled and the SPAs became unconditional.

Pursuant to the SPAs, Palmington Sdn. Bhd. and Pembangunan Bandar Mutiara Sdn. Bhd. mutually agreed to extend the completion date of the acquisition of Parcel R1 to 30 November 2011.

On 30 November 2011, Palmington Sdn. Bhd. and Pembangunan Bandar Mutiara Sdn. Bhd. mutually agreed to further extend the completion date in respect of the acquisition of Parcel R1 from 30 November 2011 to on or before 9 December 2011 ("2nd Extended Completion Date") to enable the solicitors further time to present the discharges, transfers and charges at the relevant Land Registry/Office.

The Company completed the acquisition of Parcel R1 on 7 December 2011.

- (c) On 27 July 2011, the Company completed the acquisition of 500,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of Pridaman Sdn. Bhd. for a total cash consideration of RM4,650,000.
- (d) On 9 August 2011, the Company completed the acquisition of 45,000 ordinary shares of RM1.00 each, representing 45% of the issued and paid up share capital of Ikhtiar Bitara Sdn. Bhd. for a total cash consideration of RM1,460,000.
- (e) On 22 September 2011, the Company acquired 250,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of Premcourt Development Sdn. Bhd. ("Premcourt") for a total cash consideration of RM5,500,000, in the manner of RM5,000,000 only shall be paid to the Messrs. Siram Permai Sdn. Bhd. and Tah-Wah Sdn. Bhd. (collectively referred to as the "Premcourt Vendors") in accordance with the Premcourt Vendors' respective shareholding proportions, on the completion date and the balance of RM500,000 only shall be paid to the Premcourt Vendors in accordance with the Premcourt Vendors' respective shareholding proportions within seven (7) days from the date the planning permission and/or development order is obtained by Premcourt in respect of the Project.

In the event Premcourt fails to obtain the planning permission/development order for the Project for any reason whatsoever within one (1) year from the date of the sale and purchase agreement or such other extended period as may be agreed by the Company, the parties agree that the purchase consideration for the sale shares shall be only RM5,000,000. In such event, the Company shall not be obliged to pay to the Premcourt Vendors the sum of RM500,000 and such amount shall be treated as a discount given by the Premcourt Vendors to Tambun Indah Land Berhad for the purchase of the sale shares.

On 19 March 2012, Premcourt had obtained planning permission/development order from local authority and the Company had on 22 March 2012 paid the balance of RM500,000 to the Vendors in accordance to their respective shareholding proportion.

- (f) On 29 December 2011, TKS Land Sdn. Bhd., the wholly-owned subsidiary of Tambun Indah Land Berhad completed the acquisition of 200,000 ordinary shares of RM1.00 each, representing 50% of the total issued and paid up share capital of Ascention Sdn. Bhd. for a total cash consideration of RM200,000.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

42. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

- (a) On 19 January 2012, the Company proposed a renounceable rights issue of 88,400,000 new ordinary shares of RM0.50 each in the Company ("Rights Share(s)") together with 44,200,000 new free detachable warrants ("Warrant(s)") on the basis of two (2) Rights Shares and one (1) free Warrant for every five (5) existing ordinary shares of RM0.50 each in the Company held on an entitlement date and issue price to be determined later; and establishment of an employees' share option scheme of up to five per centum (5%) of the issued and paid-up share capital (excluding treasury shares) of the Company for eligible persons of the Company and its subsidiaries.
- (b) On 2 April 2012, Perquest Sdn. Bhd. a wholly-owned subsidiary company of the Company had entered into a Joint Venture Agreement with landowner for the joint development of a piece of land in Butterworth Town, Seberang Perai Utara, Penang with total land area measuring approximately 3.26 acres.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2011 (Cont'd)

43. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011 into realised and unrealised profits is presented in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total retained profits of the Company and its subsidiaries:				
- realised	76,822,426	50,345,130	6,013,151	(27,121)
- unrealised	15,172,503	16,143,794	0	0
	<u>91,994,929</u>	<u>66,488,924</u>	<u>6,013,151</u>	<u>(27,121)</u>
Total share of retained profits from an associate:				
- realised	(35,137)	0	0	0
- unrealised	0	0	0	0
	<u>91,959,792</u>	<u>66,488,924</u>	<u>6,013,151</u>	<u>(27,121)</u>
Less: Consolidation adjustments	(53,528,781)	(41,270,426)	0	0
Total group/company retained profits as per consolidated accounts	<u>38,431,011</u>	<u>25,218,498</u>	<u>6,013,151</u>	<u>(27,121)</u>



Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Salon II, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang, Malaysia on Friday, 15 June 2012 at 10.00 a.m. for the following purposes :-

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of Directors and Auditors thereon.
2. To re-elect Mr. Teh Kiak Seng retiring pursuant to Article 86 of the Company's Articles of Association and who, being eligible, offer himself for re-election.
3. To re-elect Ms. Teh Theng Theng retiring pursuant to Article 86 of the Company's Articles of Association and who, being eligible, offer herself for re-election.
4. To re-elect Mr. Lai Fook Hoy retiring pursuant to Article 93 of the Company's Articles of Association and who, being eligible, offer himself for re-election.
5. To approve the payment of Directors' Fees for the years ended 31 December 2011 and ending 31 December 2012 totalling not more than RM350,000.00.
6. To approve the payment of a first and final tax exempt dividend of 3.8 sen per share for the financial year ended 31 December 2011.
7. To re-appoint Messrs. BDO as auditors of the Company as auditors of the Company for the ensuing year and to authorize Directors to fix their remuneration.

Please refer to Note 7

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

As Special Business

To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution :

8. **Proposed Amendments to the Articles of Association of the Company**
"That, the amendments to the Articles of Association of the Company as set out in the Annual Report for the year ended 31 December 2011 be approved and that the Directors be authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to Proposed Amendments to the Articles of Association."
9. 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.

Special Resolution 1

By Order of the Board,

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

Penang

Date : 24 May 2012



Notice Of Annual General Meeting (Cont'd)

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. For a proxy to be valid, the Proxy Form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
6. In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.

EXPLANATORY 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. Hence, Agenda 1 is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

8. The proposed Special Resolution 1, if passed, will allow the Articles of Association of the Company to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.





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

Proxy Form

*I/We (*I/C No. / Passport No. /

Company No)

of

..... being a *member/members of the abovenamed Company, hereby

appoint (*I/C No. / Passport

No.)

of

..... or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Fourth Annual General Meeting of the Company to be held at Salon V, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang, Malaysia on Friday, 15 June 2012 at 10.00 a.m., and at any adjournment thereof.

ORDINARY RESOLUTION		FOR	AGAINST
1.	To re-elect Teh Kiak Seng as a Director of the Company.		
2.	To re-elect Teh Theng Theng as a Director of the Company.		
3.	To re-elect Lai Fook Hoy as a Director of the Company.		
4.	To approve the payment of Directors' Fees for the years ended 31 December 2011 and ending 31 December 2012 totalling not more than RM350,000.00.		
5.	To approve the payment of a first and final tax exempt dividend of 3.8 sen per share for the financial year ended 31 December 2011		
6.	To re-appoint Messrs. BDO as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
SPECIAL RESOLUTION			
1.	To approve the amendments to the Articles of Association of the Company.		

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, 2012.

No. of shares held

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies :	
No. of Shares	%
Proxy 1	
Proxy 2	
	100

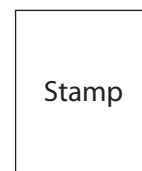
.....
Signature(s)/Common Seal of member(s)

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 Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. For a proxy to be valid, the Proxy Form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
6. In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.

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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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