TAMBUN INDAH

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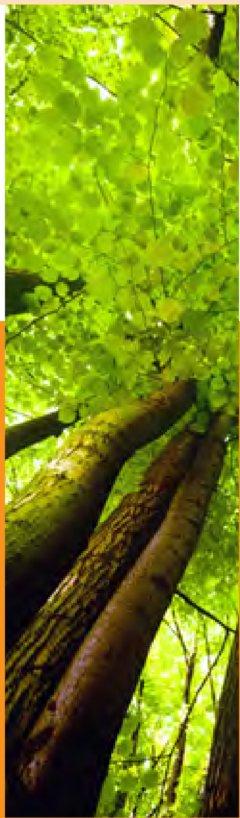

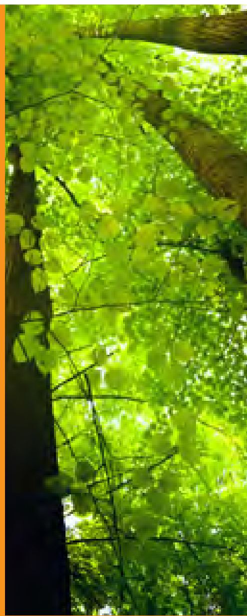

ANNUAL REPORT 2012

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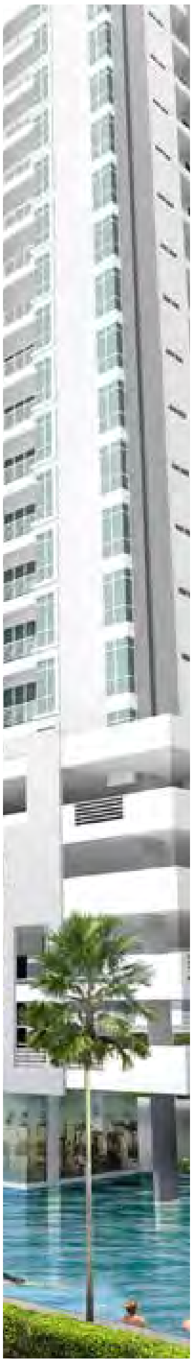
Tambun Indah Land Berhad



Corporate Information

Board of Directors	
Independent Non-Executive Chairman	Lai Fook Hoy
Managing Director	Teh Kiak Seng
Executive Director	Teh Theng Theng
Executive Director	Thaw Yeng Cheong
Non-Independent Non-Executive Director	Tsai Yung Chuan
Independent Non-Executive Director	Yeoh Chong Keat
Independent Non-Executive Director	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Alternate Director to Tsai Yung Chuan	Tsai Chia Ling
Audit Committee	
Chairman / Independent Non-Executive Director	Yeoh Chong Keat
Member / Independent Non-Executive Director	Lai Fok Hoy
Member / Independent Non-Executive Director	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Remuneration Committee	
Chairman / Independent Non-Executive Director	Lai Fook Hoy
Member / Non-Independent Executive Director	Teh Kiak Seng
Member / Independent Non-Executive Director	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Nomination Committee	
Chairman / Independent Non-Executive Director	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
Member / Non-Independent Non-Executive Director	Tsai Yung Chuan
Member / Independent Non-Executive Director	Yeoh Chong Keat
Company Secretaries	Lee Peng Loon (MACS 01258) P'ng Chiew Keem (MAICSA 7026443)
Registered Office	51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel : 604 210 8833 Fax : 604 210 8831
Business Address	12-01 Penthouse Wisma Pantai Jalan Wisma Pantai Kampung Gajah 12200 Butterworth Penang Tel: 604-324 0088 Fax: 604-324 0090 Website: www.tambunindah.com
Auditors	BDO (AF 0206) Chartered Accountants 51-21-F Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang
Principal Bankers	OCBC Bank (Malaysia) Berhad Malayan Banking Berhad HSBC Bank Malaysia Berhad CIMB 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

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Subsidiaries

100%	Cenderaman Development Sdn. Bhd.	Property Development
100%	Denmas Sdn. Bhd.	Project & Construction Management
100%	Denmas Development Sdn. Bhd.	Property Development
100%	Epiland Properties Sdn. Bhd.	Property Development
100%	Hong Hong Development Sdn. Bhd.	Property Development
100%	Intanasia Development Sdn. Bhd.	Property Development
100%	Juru Heights Sdn. Bhd.	Property Development
100%	Jasnia Sdn. Bhd.	Property Development
100%	Langstone Sdn. Bhd.	Investment Holding & 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%	Ascention 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

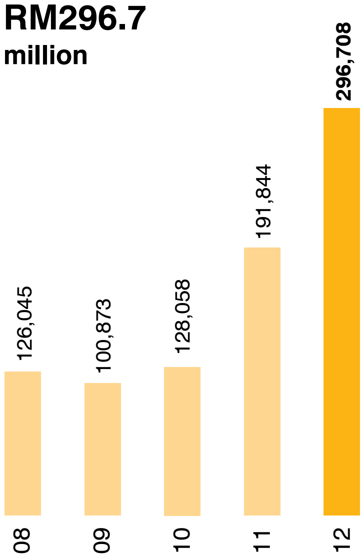
Associate

45%	Ikhtiar Bitara Sdn. Bhd.	Property Development

Financial **Highlights**

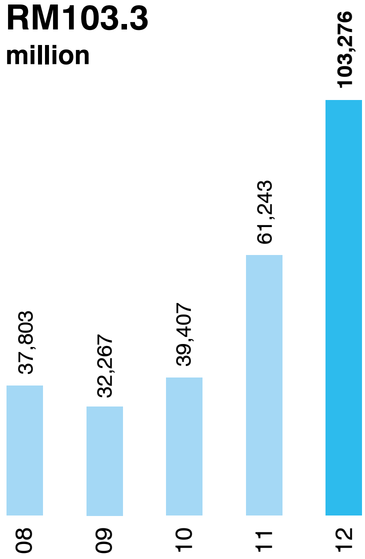
As our Group only formed on 11 November 2010, the financial highlights were prepared based on the assumptions that our Group has been in existence from 1 January 2008 onwards.

Revenue
RM296.7 million



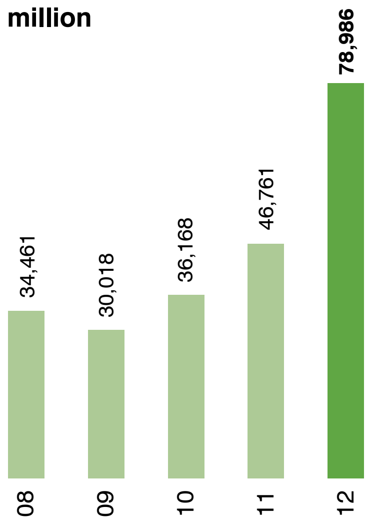
(RM' 000)

Gross Profit
RM103.3 million



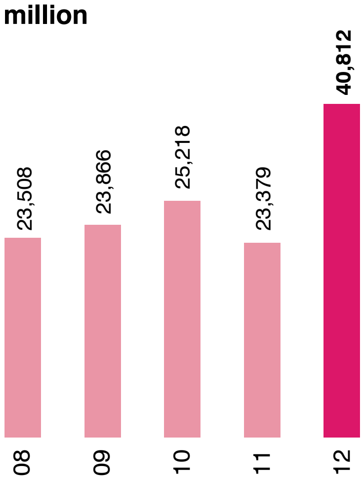
(RM' 000)

Profit Before Tax
RM78.9 million



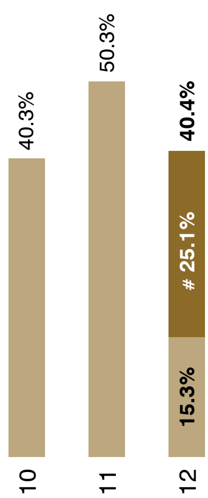
(RM' 000)

Net Profit Attributable to Equity Holders
RM40.8 million



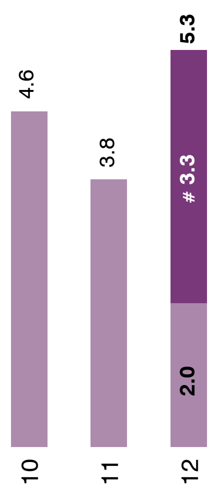
(RM' 000)

Dividend Payout



3.3 sen of final dividend subject to shareholders' approval

Dividend Per Share (sen)



3.3 sen of final dividend subject to shareholders' approval

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 2008 onwards.

Summarised Group Statement of Comprehensive Income

	Financial Year Ended 31 December				
	Proforma 2008 RM'000	Proforma 2009 RM'000	Proforma 2010 RM'000	Audited 2011 RM'000	Audited 2012 RM'000
Revenue	126,045	100,873	128,058	191,844	296,708
Gross Profit	37,803	32,267	39,407	61,243	103,876
Profit Before Tax	34,461	30,018	36,168	46,761	78,986
Net Profit Attributable to Equity Holders	23,508	23,866	25,218	23,379	40,812

Summarised Group Financial Position

	Audited 2012 RM'000	Audited 2011 RM'000
Total non-current assets	136,725	100,167
Total current assets	307,148	222,018
Total assets	443,873	322,185
Share capital	155,422	110,500
Share premium	6,525	6,400
Other reserves	1,133	-
Retained earnings	60,135	38,431
Shareholders' equity	223,215	155,331
Non-controlling interests	38,702	32,033
Total non-current liabilities	78,883	74,832
Total current liabilities	103,073	59,989
	443,873	322,185
Net assets per share (RM)	0.72	0.70

Financial Analysis

	2008	2009	2010	2011	2012
Gross Profit Margin	29.99%	31.99%	30.77%	31.92%	**34.81%**
Profit Before Tax Margin	27.34%	29.76%	28.24%	24.37%	**26.62%**
Net Profit Margin	18.65%	23.66%	19.69%	12.19%	**13.75%**

	2010	2011	2012
Cash and bank balances (RM'000)	27,190	39,291	**95,972**
Total borrowings (RM'000)	23,069	77,952	**83,826**
Gearing (net of cash)	Net Cash	24.89%	**Net Cash**

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Tambun Indah Land Berhad ("Tambun Indah" or "the Group"), I am pleased to present the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2012 ("FY2012").

Malaysia's residential property market had an average year, dampened by a softening of the higher-end market as a result of cautious sentiment in the mortgage sector. Even Penang's vibrant market, which had recorded strong double-digit growth in the number of transactions over the past couple of years, was not spared and encountered some turbulence.

As a developer of mid- to higher-end projects at affordable prices, Tambun Indah was able to steer clear of much of this headwind that affected the overall Penang residential market, and as a result, the Group was able to end FY2012 on a positive note.

Financial Performance

Tambun Indah recorded a 54.7% increase in revenue to RM296.7 million against RM191.8 million in FY2011 on the back of new property launches and higher revenue recognition from ongoing projects.

In line with Tambun Indah's robust topline revenue growth, our FY2012 profit before tax (PBT) increased 68.9% to RM 79.0 million compared to RM46.8 million previously, while net profit grew 74.6% to RM40.8 million against RM23.4 million in FY2011. The higher profit was largely attributed to our strong product mix which provided better value-for-money properties to the increasingly discerning purchasers in Penang.

Basic earnings per share surged 40.2% from 10.65 sen to 14.93 sen in FY2012.

Chairman's **Statement**

(Cont'd)

Tambun Indah's balance sheet remained healthy in FY2012, with shareholder's equity rising 43.7% to RM223.2 million from RM155.3 million previously due to increase in retained profits, and in capital arising from the Rights Issue exercise undertaken during the year under review.

Cash and bank balances at the end of the financial year stood at RM96.0 million, contributed in part by the proceeds of RM44.2 million from the 2-for-5 Rights Issue. Whilst total borrowings increased 7.5% to RM83.8 million from RM77.9 million previously, corresponding to bank loans for the purchase of additional land bank for future development, the Group remained in a net cash position compared to FY2011's net gearing of 0.25.

This puts Tambun Indah in an ideal position to fund further land acquisition and working capital needs when appropriate.

Dividends

Tambun Indah has a progressive dividend policy of paying 40% to 60% of net profit to shareholders.

The Board had declared an interim dividend of 2.0 sen per share on 27 November 2012, and this was paid on 26 February 2013. A final dividend of 3.3 sen per share in respect of FY2012 had been proposed for approval by shareholders at the forthcoming Annual General Meeting. Together, the total dividend payout for FY2012 will be 5.3 sen per share or approximately RM16.5 million, constituting 40.4% of the Group's FY2012 net profit.

Corporate Developments

On 20 February 2013, Tambun Indah announced that the memorandum of understanding signed on 21 April 2012 between the Group's 60%-owned subsidiary Palmington Sdn Bhd and SIS Charter Sdn Bhd for the construction of, and the subsequent lease of an international school in Pearl City to SIS Charter has lapsed.

The Group is in the midst of talks with other educational groups who have indicated interest in setting up a school within our flagship development.

Future Outlook

Despite the moderated growth in the overall Malaysian property market, Penang is still considered as one of the more dynamic real estate markets in the country.

According to data from property valuator Henry Butcher Malaysia, the volume and value of property transactions has grown at a cumulative average growth rate (CAGR) of 8.4% and 13.2% respectively between 1999 to 2011. Volume and value CAGR grew at an even higher pace between 2009 and 2011, at 20.1% and 26.0% respectively.

With Penang's booming economy, an established and a growing transportation network which includes the Penang Second Bridge, and a population of around 1.6 million people with the need for a roof over their heads and a place to call home, these translate into opportunities for property developers with the right products in the right locations.

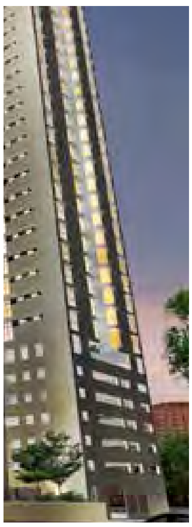
Penang's future prospects for this sector remain strong. According to the Real Estate and Housing Developers' Association, the State's property market is set to see sustainable growth of between 5% and 10% in 2013 on the back of rising demand.

The view that Penang's property market will be sustainable in 2013 is also shared by property agents, a few of whom feel that Mainland Penang will be a key destination for buyers seeking reasonably priced low-density homes in strategic locations.

Given the above, Tambun Indah's flagship Pearl City project is well positioned to tap into the positives in the market. Our flagship mixed development in Seberang Perai Selatan will be a well-integrated township complemented with public amenities, recreation facilities, healthcare and wellness centre, retail outlets, and more than 11,000 residential housing units upon completion in 2020.

Additionally, Pearl City is adjacent to existing transportation networks like the North South Expressway and future infrastructure developments like the Penang Second Bridge and a railway station supporting the double-track line running between Padang Besar and Ipoh.

With RM256.0 million worth of projects slated for launch in FY2013, ongoing work at all our existing developments, and about RM1.9 billion gross development value worth of properties in the pipeline, Tambun Indah is well positioned for growth given the positive outlook for the Penang property market.



Chairman's Statement

(Cont'd)

Corporate Social Responsibility ("CSR")

As a responsible corporate citizen, Tambun Indah is well aware of the need to contribute to the community where our projects are located. The Group's commitment to CSR extends beyond corporate philanthropy.

Recognising the importance of a good education for the young so that they can grow up to become important contributors to the Malaysian economy, Tambun Indah in FY2012 had contributed to school-building funds of schools near where we operate in order to create a conducive learning environment for the young. The schools in question are the branch of the Jit Sin Independent High School and SJK (C) Chung Hwa Pusat.

Additionally, Tambun Indah participated in the initiative by the Penang Government, State Government agencies, professional bodies and several other property developers to upgrade the Taman Tunku Recreational Park. Together we were able to successfully complete the project, which will bring benefit to both the people and environment of Mainland Penang. This fulfils our belief in improving the community's living conditions as a property developer.

Corporate Governance

In the pursuit of building sustainability in the Group's profitability, Tambun Indah is committed to upholding the best practices of corporate governance in our day-to-day operations so as to protect and enhance shareholders' value. The measures the Group has undertaken to ensure this are detailed in the Corporate Governance Disclosure in this Annual Report.

Chairman's **Statement**

(Cont'd)

Appreciation

On behalf of the Board, I would like to take this opportunity to extend our thanks and gratitude to the shareholders for their continued support and loyalty; as well as the management and staff for their commitment, dedication and contribution towards the success of the Group.

To my fellow directors, I thank you for your counsel and active participation during the year. I would like to thank my predecessor Mr Tsai Yung Chuan for the guidance he provided and his contribution to the Board in his previous capacity.

On behalf of the Board, I would like to record our appreciation to Dato' Mohamad Nadzim Shaari for his contributions. We regret that he was unable to continue as a director on account of his other commitments. We welcome Ms. Tsai Chia Ling's appointment to Board as an Alternate Director on 27 July 2012.

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

Lai Fook Hoy
Chairman

Managing Director's **Message**

The Penang residential property market, which had witnessed growing transaction volumes at a compound annual growth rate (CAGR) of 20.1% during the 2009-2011 period, turned cautious in 2012 when total property transactions dropped 21%, according to information from the Ministry of Finance Malaysia.

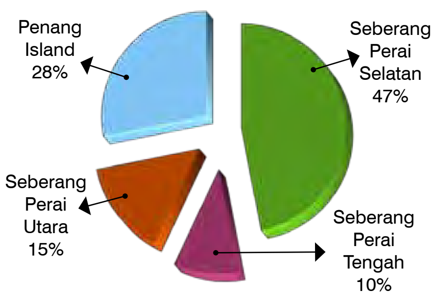
Penang was not the only market affected by the slowdown in the property market. Other states with major property markets, like Perak, Johor and Selangor, also saw fewer transactions last year. The softening of the lower-end as well as the luxurious market segments were seen as the main cause for the slowdown.

As Tambun Indah's projects are built with affordability in mind for the middle to upper-middle segment of the spectrum, the Group was able to take on the challenges well to record positive growth in FY2012.

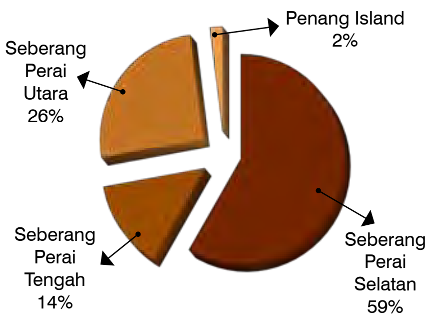
Operations Review

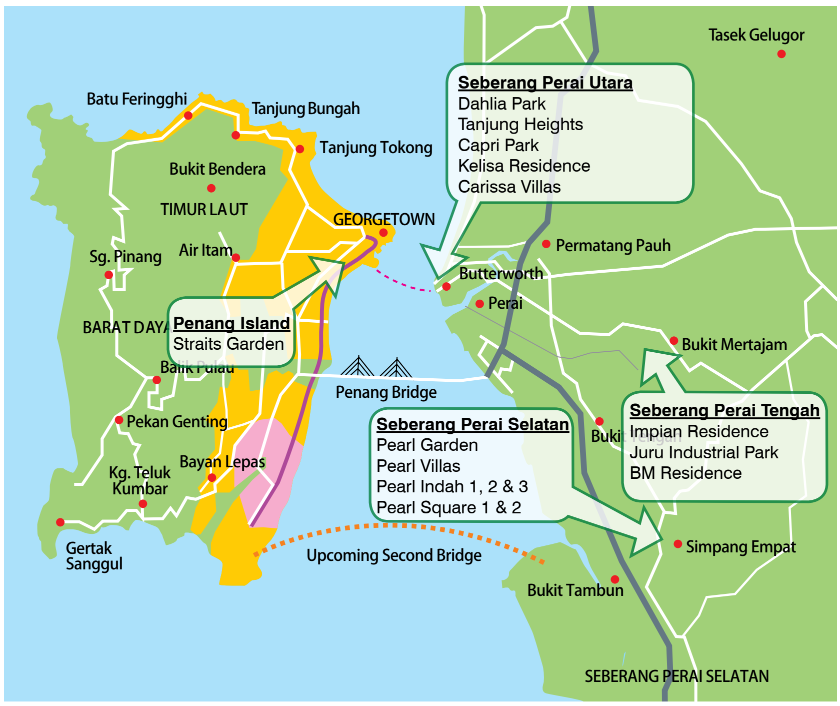
Tambun Indah's Ongoing Projects

FY12 Property Sales



FY12 Revenue





In FY2012, Tambun Indah recorded 4.9% growth in the number of units sold to 957 units versus 912 units a year ago, with new launches accounting for approximately 67.5% of all units sold last year.

The Group also managed to sell our products at higher prices, with total worth of FY2012 property sales growing by 15.4% to RM400.9 million from RM347.3 million previously. This indicates the successful positioning of our development projects to meet the ever-demanding property buyers in Penang.

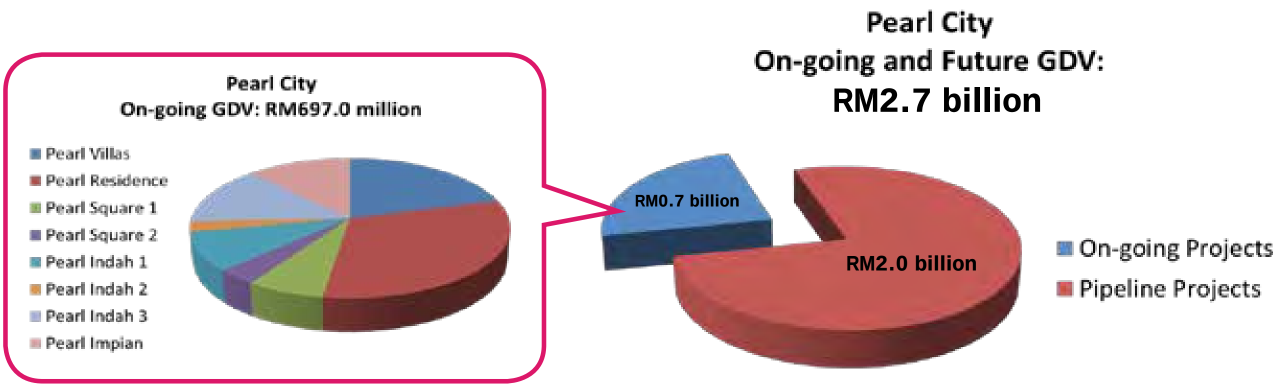
Tambun Indah launched eight new projects and/or phases with a total estimated gross development value ("GDV") of RM798.2 million, namely:

- BM Residence - Estimated GDV of RM56.4 million
- Carissa Villas - Estimated GDV of RM54.2 million
- Pearl Impian: Estimated GDV of RM84.4 million
- Pearl Indah 1, 2 and 3: Combined estimated GDV of RM175.9 million
- Pearl Residence: Estimated GDV of RM212.5 million
- Straits Garden: Estimated GDV of RM214.8 million

Managing Director's **Message**

(Cont'd)

Aside from these new launches, the Group had nine other ongoing projects, which also did well during the year under review. We were able to sell RM96.3 million worth of properties out of unsold stock totalling RM151.0 million as at end-2011. Unbilled sales stood at RM327.3 million as at end-2012.



- **Simpang Ampat**

The Pearl City project in Simpang Ampat, Seberang Prai Selatan, Penang, is Tambun Indah's largest mixed development to date with a total estimated GDV of approximately RM3.0 billion and it will be Mainland Penang's premier integrated township upon its completion in 2020.

Pearl City is characterised by its strategic location. There are 12 industrial parks within a 15km radius of its location that will certainly create potential demand for about 11,000 residential units, which is estimated to be built as part of the development, in addition to becoming a catalyst area for commercial activities within our development.

Within Pearl City, we plan to develop a thriving business park that will house food and beverage outlets, hypermarket, medical centre, boutique hotel and other commercial activities.

Additionally, Pearl City is only a minute's drive away from a proposed electrified double track commuter train station, five minutes from the North-South Expressway and 15 minutes from the landing point of the Penang Second Bridge.

In FY2012, Tambun Indah launched five projects within Pearl City with an estimated total GDV of RM472.8 million. These projects were Pearl Indah 1, 2 and 3, comprising of two-storey terrace and two-storey semi-detached homes; Pearl Impian, comprising of double-storey terrace homes; and Pearl Residence, comprising of double-storey terrace, semi-detached and bungalow homes.

Take-up rates since their respective launches have been very encouraging. As at end-2012, Pearl Indah 1, 2 and 3 had take-up rates of 88.6%, 80.9% and 51.6% respectively.

- **Butterworth**

Butterworth has historically been a transport hub for the State of Penang. It is home to the Keretapi Tanah Melayu (KTM) train station, the landing point of the first Penang Bridge and the Penang Ferry service.

Over the years, Tambun Indah has developed and completed several projects in Butterworth. These include Dahlia Park, Tanjung Heights, Capri Park and Kelisa Residence. All these developments comprise a mixture of shop offices, and landed and high-rise residential units.

In FY2012, Tambun Indah launched Carissa Villas in Butterworth with a combined estimated GDV of RM54.2 million. This project has two phases: Commercial and Residence. The former is made up of double-storey shop offices, which have seen a take-up of 65.7% as at end-2012. The latter, a gated community made up of three-storey terrace homes, has posted a take-up of 41.1% as at 31 December 2012.

Managing Director's **Message**

(Cont'd)

- ## Bukit Mertajam

The Bukit Mertajam property market has seen a growth trend over the past couple of years and Tambun Indah established a foothold here when we launched the RM43.7 million GDV Impian Residence development in late 2010.

To keep the momentum going, the Group launched the BM Residence project in August 2012, which has an estimated GDV of RM56.4 million. The development is made up of an 11-storey condominium block, two-storey bungalows, and two-storey semi-detached and three-storey terrace homes. Take-up rates for the condominium stands at 54.2% while the landed properties have a take-up rate of 46.1%.

- ## Penang Island

Much has already been said about the Penang Island property market. While the number of residential units transacted dropped last year, it has to be noted that the transaction value actually rose. And, given the fact that some RM4.6 billion GDV of residential properties are being planned for just 2013 alone, there still remains much life within this segment of the market.

In FY2012, Tambun Indah entered the Penang Island market for the second time in our corporate history – the first being 2002's Scotland Villas condominiums – when we launched the initial phases of our Straits Garden mixed development in October and November. The executive suites, studio suites and condominiums launched during this time have a combined estimated GDV of RM214.8 million and, as at end-2012, the take-up rate stands at 48.4%.

Managing Director's **Message**

(Cont'd)

Growth Strategies

The industry observers are all united in their positive outlook for the Penang property market in the medium- to long-term. 2012's cautious stance has been seen as the market re-adjusting itself after the record gains of the past couple of years.

Positive economic growth, strong demand from home buyers and manageable mortgage rates are all factors that are expected to fuel the continuing growth of the State's property market.

In order to grow in tandem with the market's expected rebound in 2013 – while maintaining our own growth momentum – Tambun Indah will launch RM256.4 million estimated GDV worth of projects this year.

These projects are the Taman Bukit Residence gated link-homes in Bukit Mertajam, Seri Permai double-storey terrace and semi-D homes - also in Bukit Mertajam, the Camellia Park apartments and shops in Butterworth, and Pearl Avenue two-storey and three-storey shop offices in Pearl City.

Tambun Indah will also launch – at various times after 2014 – approximately RM1.9 billion estimated GDV worth of projects at Pearl City as we look to keep in step with the expected growth trends in Seberang Prai Selatan and the Penang property market as a whole.

Additionally, the Group will continue to seek out new land banks in Mainland Penang, with special emphasis on acquiring large plots in strategic locations, so that we can sustain our long-term growth trajectory and capitalise on our expertise in building residential enclaves.

Tambun Indah's current total land bank size stands at 699.4 acres, which will last us until 2020.

Managing Director's **Message**

(Cont'd)

Conclusion

The consensus amongst industry analysts and valuers has been that the slowdown in Penang's property market in 2012 was a blip and that the medium- to long-term outlook for this sector was positive, given the State's booming economy, continued inflow of foreign direct investments, its growing population, fast-improving transportation infrastructure and rising demand for homes.

With our strong fundamentals and deserved reputation for high-quality modern developments at relatively affordable prices, Tambun Indah looks set to grow in tandem with the positive factors in the market.

Of course, the Group cannot afford to be complacent in what has become a highly competitive market. With strategies in place to keep our momentum going, together with your continued support of the Company, I believe Tambun Indah can continue to prosper and be a strong player in the Malaysian property market.

Thank you.

Ir. Teh Kiak Seng
Managing Director

Directors' Profile

Lai Fook Hoy

Independent Non-Executive Chairman

Lai Fook Hoy, a Malaysian, aged 63, 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.

Lai Fook Hoy has broad and in-depth knowledge of the 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 the group for a further 2 years in an advisory capacity.

He had been a director and Chief Executive Officer of Asian Mineral Resources Limited, a nickel-focused mining company listed on Canada's TSX-V. He was a director of KM Resources Inc. which operates a poly-metallic mining project in the Philippines.

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

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

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

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

Since he was appointed to Board on 24 February 2012, he had attended all the four (4) Board meetings held in the financial year.

Teh Kiak Seng

Managing Director

Teh Kiak Seng, a Malaysian, aged 63, is the co-founder of Tambun Indah and was appointed to the Board of Directors on 19 March 2008. He is presently the Group's Managing Director and is also serving as a member of the Remuneration Committee.

Teh Kiak Seng has more than three decades of experience in the civil engineering and property development industries. He started his engineering career in 1979, helping to design and supervise the development of two townships in Johor Bahru before becoming a design engineer in Penang in 1980.

By 1985, Teh Kiak Seng had started GTP Jurutera Perunding Sdn Bhd, which was involved in the design and completion of over 100 factories in several states as well as the design and project management of facilities in China for Dell Inc. and Otis Elevator Co. He turned his entrepreneurship focus and engineering skills onto the property development sector in 1992.

Teh Kiak Seng has a Bachelor of Civil Engineering degree from the University of Saskatchewan, Canada. He is currently a member of the Institute of Engineers, Malaysia, and is a Registered Professional Engineer with the Board of Engineers Malaysia. Teh Kiak Seng presently sits on the boards 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 is the brother of Teh Theng Theng, who is a director of Tambun Indah.

He had attended all five (5) Board meetings held in the financial year.

Directors' Profile

(Cont'd)

Teh Theng Theng

Executive Director

Teh Theng Theng, a Malaysian, aged 50, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently the Executive Director.

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

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

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

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

She had attended four (4) Board meetings held in the financial year.

Thaw Yeng Cheong

Executive Director

Thaw Yeng Cheong, a Malaysian, aged 55, 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.

He heads the Project Department of the Company and oversees the planning, design, approvals cost controls and implementation of the projects.

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 Tambun Indah.

He had attended all the five (5) Board meetings held in the financial year.

Directors' **Profile**

(Cont'd)

Tsai Yung Chuan

Non-Independent Non-Executive Director

Tsai Yung Chuan, a Taiwanese, aged 56, 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 Director. He is also a member of Nominating 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 spouse of Tsai Chang Hsiu-Hsiang, who is a major shareholder and is the father of Tsai Chia Ling, who is an alternate director and major shareholder of Tambun Indah.

He had attended three (3) Board meetings held in the financial year.

Yeoh Chong Keat

Independent Non-Executive Director

Yeoh Chong Keat, a Malaysian, aged 55, was appointed to the Board of Tambun Indah on 23 November 2010 and is presently an Independent Non-Executive Director. He is also the Chairman of Audit Committee and a member of the Nominating Committee.

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

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

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

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 Securities.

Yeoh Chong Keat 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.

He had attended all the five (5) Board meetings held in the financial year.

Directors' Profile

(Cont'd)

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 Nominating Committee, a member of the Audit Committee and a member of the 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 Chairman of Prolexus Berhad and an Independent Non-Executive Director of Malaysia Packaging Industry 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.

Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali 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.

He had attended all the five (5) Board meetings held in the financial year.

Tsai Chia Ling

Alternate Director to Tsai Yung Chuan

Tsai Chia Ling, a Taiwanese, aged 34, was appointed to the Board of Tambun Indah as alternate to Tsai Yung Chuan on 27 July 2012. She graduated from National Cheng Kung University in 2001 with a Bachelor of Business Administration Degree. She started her career as a Management Trainee with Gem-Year Industrial Co. Ltd. (China) before she joined Chin Well Fasteners Co. Sdn. Bhd. as a Marketing Executive in 2003. Currently, she is the Executive Director of Chin Well Holdings Berhad, a company listed on the Main Market of Bursa Securities.

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

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

Corporate Governance
Disclosure

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

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

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

Principle 1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The Board

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

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

There are presently 7 Board members comprising 3 executive directors, 1 non-independent non-executive director and 3 independent non-executive directors. The Board annually reviews the composition of the Board and its Committees to ensure the appropriate mix of experiences, skills and knowledge to effectively discharge its respective responsibilities in spearheading the Group’s growth and future direction.

The profile of each director is presented under Directors’ Profile in pages 17 to 20.

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

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

Board Charter

The Directors is in the process of formalising a Board Charter to provide guidance to the Board in fulfillment of its roles, functions, duties and responsibilities. The Board Charter will be available on the Company’s website at www.tambunindah.com soon.

The Board Charter, will cover amongst others, the following matters :

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

Corporate Governance **Disclosure**

(Cont'd)

Roles & Responsibilities of the Board

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

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

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

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

The Board is also committed towards sustainable development. The Group's sustainability strategies cover the community, workplace, marketplace and environment. The Corporate Social Responsibilities Statement is set out in page 38.

Supply of Information

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

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

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

Company Secretary

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

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

Principle 2 STRENGTHEN COMPOSITION

Board Committees

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

Further details of the Board Committees are set out below.

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

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

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

The Nominating Committee consists of :

Name	Designation	Directorate
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Chairman	Independent & Non-Executive
Tsai Yung Chuan	Member	Non- Independent & Non-Executive
Yeoh Chong Keat	Member	Independent & Non-Executive

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

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

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

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

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

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

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

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

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

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

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

Corporate Governance **Disclosure**

(Cont'd)

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

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

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

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

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

The Nominating Committee met once during the financial year ended 31 December 2012. The details of attendance are as follows :

Name	No. of Meetings Attended
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1/1
Tsai Yung Chuan	1/1
Yeoh Chong Keat	1/1

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

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

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

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

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

3) Remuneration Committee

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

The Remuneration Committee consists of :

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

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

Appointment/Composition

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

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

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

Meetings

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

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

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

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

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

Functions/Duties

1) To establish and recommend to the board, the remuneration package of the executive directors.

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

The Remuneration Committee met 3 times during the financial year ended 31 December 2012. The details of attendance are as follows :

Name	No. of Meetings Attended
Lai Fook Hoy	3/3
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	3/3
Teh Kiak Seng	3/3

The details of aggregate remuneration of the directors for the financial year ended 31 December 2012 are presented under Note 32 of the Financial Statements.

Corporate Governance
Disclosure

(Cont'd)

Principle 3 REINFORCE INDEPENDENCE

Assessment of Independent Directors

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

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

Principle 4 FOSTER COMMITMENT

Board Commitment

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

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

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

The Board met 5 times during the financial year ended 31 December 2012. The details of attendance are as follows :

Name	No. of Meetings Attended
Lai Fook Hoy *(Appointed on 24 February 2012)*	4/4
Teh Kiak Seng	5/5
Teh Theng Theng	4/5
Thaw Yeng Cheong	5/5
Tsai Yung Chuan	3/5
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	5/5
Yeoh Chong Keat	5/5
Dato' Mohamad Nadzim Bin Shaari *(Resigned on 22 March 2012)*	1/1
Tsai Chia Ling *(Appointed on 27 July 2012)* *(Alternate to Tsai Yung Chuan)*	2/2

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

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

For the financial year ended 31 December 2012, the directors had attended the following trainings :

Name	Training Programme Attended
Lai Fook Hoy	• Mandatory Accreditation Programme
(Appointed on 24 February 2012)	• Technical Dialog with Construction Industry Development Board (CIDB)
	• Structural Concrete Repairs
Teh Kiak Seng	• Integrated RC Building Solution
	• Structural Concrete Repairs
	• Risk Management Workshop
Teh Theng Theng	• Risk Management Workshop
Thaw Yeng Cheong	• Risk Management Workshop
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	• Detecting Financial Statement Fraud-W2 : Case Studies in Corporate Fraud
	• Detecting Financial Statement Fraud-W3 : Evolution of Corporate Fraud
	• Crisis Communication Management
Yeoh Chong Keat	• National Tax Conference 2012
	• Malaysia Competition Act 2010
	• 7th Advent Tax & Business Management Seminar
	• Seminar Percukaian Kebangsaan 2012

Tsai Yung Chuan did not participate in any structured training during the financial year as his business meetings and interaction with various business parties and interests as well as his other directorships will serve him sufficiently in the discharge of his duties on the Board.

Principle 5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

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

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

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

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

Corporate Governance **Disclosure**

(Cont'd)

Principle 6 RECOGNISE AND MANAGE RISKS

Risk Management
The Board had set up a Risk Management Committee comprises mainly executive directors.

The Risk Management Committee consists of :

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

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

Based on the internal controls and risk management framework established and maintained by the Group, work performed by internal auditors and external auditors and reviews by Risk Management Committee and Audit Committee, the Board is of the opinion that the Group's internal controls as at 31 December 2012 had adequately addressed the financial, operational and compliance risks, which the Group considers relevant and material to its operation.

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

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

Principle 7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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

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

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

Principle 8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

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

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

This statement is made in accordance with the Board Resolution dated 24 April 2013.

Statement on
Risk Management and Internal Control

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

Responsibility For Risk Management And Internal Control

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

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

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

Risk Management

During the year, the Group implemented a formal Risk Management framework which outlines the terms of reference of the Risk Committee to objectively manage the identified risks. Risk Management programs were conducted at management level to help sustain a risk-aware culture on key business processes as well as on new key projects and reflected in the Group's internal control systems.

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

- A Risk Management Committee led by executive directors to identify, and evaluate all present and potential risks faced by operating units of the Group, and to formulate actions plans to manage or mitigate these risks.

- To determine the risk appetite for business units of the Group, and ensure that risks are managed and maintained at acceptable levels.

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

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

Statement on
Risk Management and Internal Control

(Cont'd)

INTERNAL AUDIT FUNCTIONS

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

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

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

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

Internal Controls

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 operational matters and other issues that affect the Group;
- Regular visits to operating units by Managing Director, Executive Directors and senior management;
- The internal audit function carried out quarterly risk based internal audits to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures; and
- At Audit Committee and Board meetings quarterly results, annual financial statements, related party transactions and updates on business development are reviewed; and key risks highlighted by the management are deliberated upon.

The Board is of the view that there was no significant breakdown or weaknesses in the system on internal controls of the Group that had resulted in material losses to the Group for the financial year ended 31 December 2012.

The Board's Commitment

The Board remains committed towards maintaining a sound system of internal control and risk management to achieve a balance between the Group's business objectives and operational efficiency. The Board is of the view that there were no material losses incurred during the financial year ended 31 December 2012 as a result of weaknesses in internal control that would require separate disclosure in the Group's Annual Report.

Review of Statement by the External Auditors

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

Audit Committee
Report

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of :

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

MEETINGS AND ATTENDANCE

A total of 5 Audit Committee meetings were held during the financial year ended 31 December 2012 and the details of attendance are as follows:-

Name	No. of Meeting Attended
Yeoh Chong Keat	5/5
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	5/5
Lai Fook Hoy *(Appointed as member on 22 March 2012)*	4/4
Dato' Mohamad Nadzim Bin Shaari *(Resigned on 22 March 2012)*	1/1

TERMS OF REFERENCE

Appointment/Composition

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

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

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

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

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

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

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

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

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

Meetings

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

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

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

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

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

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

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

8) The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the 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.

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

Authority

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

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

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

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

5) To be able to obtain external independent 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 experienced person(s) as necessary to assist the Audit Committee in fulfilling its responsibilities.

Audit Committee
Report

(Cont'd)

Functions/Duties

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

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

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

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

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

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

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

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

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

9) To review the internal audit programme and the results of the internal audit process or investigation undertaken, 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 2012 were summarised as follows:-

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

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

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

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

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

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

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

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

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

INTERNAL AUDIT FUNCTION

The Company had engaged a professional internal audit service provider firm, M/s Sterling Business Alignment Consulting Sdn. Bhd., to carry out the internal audit function of the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The cost incurred for the internal audit function in respect of the financial year ended 31 December 2012 was RM118,050.

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 2012 were summarised as follows:-

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

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

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

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

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

	During the financial year ended 31 December 2012	Since commencement of the ESOS on 05 June 2012
Total number of options shares granted	7,000,000	7,000,000
Total number of shares vested	7,000,000	7,000,000
Total number of options exercised	1,443,000	1,443,000
Total options or shares outstanding	5,557,000	5,557,000

Granted to Directors	During the financial year ended 31 December 2012	Since commencement of the ESOS on 05 June 2012
Total number of options shares granted	5,200,000	5,200,000
Total number of shares vested	5,200,000	5,200,000
Total number of options exercised	500,000	500,000
Total options or shares outstanding	4,700,000	4,700,000

	Aggregate Maximum Allocation		Actual Allocation	
	Since 05.06.2012	Financial year 31.12.2012	Since 05.06.2012	Financial year 31.12.2012
Directors & Senior Management	50%	50%	38.95%	38.95%

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 2011 and in the financial year ended 31 December 2012 :

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; and

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.

2. UTILISATION OF PROCEEDS

As at financial year ended 31 December 2012, the total gross proceeds arising from the Right Issue with Warrants of RM44.20 million were intended to be utilised in the following manner :

Purpose	Proposed utilisation	Actual utilization to 31.12.2012	Reallocation	Timeframe for utilisation	Deviation	
	RM'000	RM'000	RM'000		RM'000	%
Property development expenditure	43,000	27,934	23	by 30.11.2013	15,089	35.09
Corporate exercise expenses	1,200	1,177	(23)	by 30.08.2012	-	-
	44,200	29,111	-		15,089	35.09

3. SHARE BUY-BACKS

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

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2012, the Company issued 88,400,000 new ordinary shares of RM0.50 each at an issue price of RM0.50 per share arising from the right issue which completed on 04 June 2012.

During the financial year, the Company also granted 7,000,000 share option pursuant to the Employees' Share Option Scheme ("ESOS"). Details are disclosed in Directors' Report and the Note 37 of the Financial Statements.

5. DEPOSITORY RECEIPT PROGRAMME

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

6. SANCTIONS AND/OR PENALTIES

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

Additional Compliance **Information**

(Cont'd)

7. NON-AUDIT FEES

A total sum of non- audit fees of RM12,500 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 2012.

Corporate
Social Responsibility

In our capacity as a responsible corporate citizen within our community, Tambun Indah believes in contributing back to the society in a meaningful way.

The Community

To this extent, in our financial year ended 31 December 2012 ("FY2012"), we contributed financially to several non-profit charity organisations that play a major role in caring for the poor and neglected.

However, the Group's CSR activities go far beyond making charitable donations. In fact, as we believe in the importance of a good education for growing minds, the Company took part in two school-building funds in FY2012. These activities will assist in the upgrading of the facilities at SJK (C) Chung Hwa Pusat and the branch of the Jit Sin Independent High School – two schools located close to some of our existing and upcoming projects.

The Environment

Tambun Indah also believes in respecting the environment. Hence, in line with a State Government initiative, the Group and a collective made up of other property developers, agencies and professional organisations successfully undertook the upgrading of the Taman Tunku Recreational Park in Seberang Jaya, Penang.

Additionally, we are constantly looking at ways to lower our carbon footprint. As such, management and employees of Tambun Indah are constantly looking at ways to improve our operations with energy-saving in mind.

These include steps like switching off non-essential equipment and lighting, maintaining electrical devices and air-conditioning on a need-to-use basis, recycling paper and reducing paper wastage.

The Marketplace

Within the marketplace, Tambun Indah is also aware of our CSR responsibilities. To date, we have built more than 373 low-cost homes throughout the State of Penang. We intend to build on this in 2013, with approximately 152 units of low- to medium-cost homes set for construction.

At the same time, Tambun Indah has always made it a point to design projects that allow our property buyers to enjoy a good quality of living. To this extent, our developments utilise modern and contemporary designs, incorporate lush landscaping features and many come with amenities like a running path and/or a clubhouse complete with a swimming pool and other features.

The Workplace

Tambun Indah is well aware of the importance of our employees. We cannot enjoy the successes that we have had without the dedication and sacrifice of our workforce. Hence, we are constantly looking at ways to reward them for their efforts.

In FY2012, we organised a company dinner and undertook a couple of overseas company trips that have not only thanked our workers for all that they have done but have helped to foster closer ties and better working relationships.

As the Group believes in human capital development, we have also sent our staff for training and self-development courses as well as other educational activities to help them better their skillsets and competency levels.

Lastly, as the safety of all those who work under the Tambun Indah umbrella is of utmost importance to us, we constantly strive to create a safe and healthy working environment for all. Regular fire and safety drills, and other health and safety activities were undertaken during the year under review.

It is activities such as these that help us fulfil our belief that, as a property developer, we must play an important role in the betterment of people's lives.

Doing good: Tambun Indah Land Bhd managing director Teh Kiak Seng (left) handing over a mock cheque of RM100,000 to New Jit Sin Building Fund chairman Lee Chin Heng.

List of Properties
held by the Group

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
DEVELOPMENT PROPERTIES							
1.	Lot 11743, Mukim 15, Seberang Perai Selatan, Pulau Pinang (Pearl Villas, Jalan Tasek Mutiara 1, Simpang Ampat)	Freehold	Land under development	N/A	29.85	9,364,245	30.06.2010
2.	Lot 375 (GRN No. 30881), Seksyen 4, Bandar Butterworth, Seberang Perai Utara, Pulau Pinang (Dahlia Park, Jalan Kampung Benggali, Butterworth)	Freehold	Land under development	N/A	2.23	3,553,086	30.06.2010
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	1,727,307	30.06.2010
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	5,153,073	30.06.2010
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 under development	N/A	5.15	7,410,383	30.06.2010
6.	Lot 8750 (GRN 73117), Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Pearl Residence, Jalan Tasek Mutiara 1, Simpang Ampat)	Freehold	Land under development	N/A	39.66	24,194,293	30.06.2010
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	3,747,722	15.05.2010
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	4,038,919	05.05.2011

List of Properties **held by the Group**

(Cont'd)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
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	1,474,787	05.05.2011
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	11,936,015	05.05.2011
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	3,963,603	05.05.2011
12.	Lots 5765 to 5820 and 6030, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Square 2, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	3.35	2,986,968	05.05.2011
13.	Lots 527, 528 & 968, Mukim 14, Seberang Perai Utara, Pulau Pinang (Carissa Villas, Jalan Bagan Lalang, Butterworth)	Freehold	Land under development	N/A	4.42	10,081,637	31.12.2010
14.	Lot 699 (Geran Mukim No. GM100), Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang (New Juru Industrial Park)	Freehold	Land under development	N/A	8.68	6,448,157	08.02.2011
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	460,989	30.06.2010

List of Properties
held by the Group

(Cont'd)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
16.	Lots 121, 123, 148, 2295, 2529, 2649, 10081, 10082, 10083, (GM Nos. 113 and 115, H.S.(M) 15119, 613, 750, 261, 1364, 1365 and 1366), Mukim 10, Seberang Perai Tengah, Pulau Pinang. (Taman Bukit Residence, Jalan Bukit Kecil 1, Off Jalan Sung Ban Kheng, Bukit Mertajam)	Freehold	Land under development	N/A	8.50	12,497,614	02.11.2012
17.	Lots 1226 & 1467, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold	Land under development	N/A	3.85	3,323,802	29.12.2011
18.	Part of Lot 8753, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Avenue, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	17.56	12,542,283	30.10.2012
19.	Part of Lot 8745, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Pearl Impian, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land under development	N/A	15.59	9,715,925	05.05.2011
20.	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	22,979,242	30.06.2010
21.	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	1,583,652	05.05.2011
22.	Lots 13, 16, 20, 21, 22, 116, 1345, 1383, 1393, 1427, 6029, 8746, 8936, 10016, 10017 & 10023, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Others, Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Land held for development	N/A	61.28	37,898,291	05.05.2011

List of Properties
held by the Group

(Cont'd)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area (acres)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
23.	Lots 8764, 8765, 8767, 8768, 8769, 8773, 8775, 8776, 8777, 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	Land held for development	N/A	53.47	75,160	05.05.2011
24.	Lot 1471, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang.	Freehold	Land held for development	N/A	16.04	5,698,907	04.05.2011

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
INVESTMENT PROPERTIES							
1.	No. 4939 Jalan Siram 12100 Butterworth Pulau Pinang	Freehold	3 ½ -storey terrace light industrial building	18	154/ 471.93	735,000	30.06.2010
2.	No.6 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang	Freehold	3-storey terrace shop office	14	153/ 459.12	735,000	30.06.2010
3.	No. 10-02 Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth Pulau Pinang	Freehold	3-bedroom penthouse	16	NA/139	265,000	30.06.2010
4.	No. 10-12 Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth Pulau Pinang	Freehold	3-bedroom penthouse	16	NA/139	265,000	30.06.2010
5.	18-10-03 Scotland Villa Medan Lumba Kuda 10450 Pulau Pinang	Freehold	4-bedroom condominium	8	NA/199	925,000	30.06.2010

List of Properties
held by the Group

(Cont'd)

	Location/Address	Tenure	Description & Existing Use	Approximate Age of Building (Years)	Land Area/ Building Area (Meter Square)	Audited Net Book Value (RM)	Date of Last Valuation / Date of Acquisition
6.	No. 1-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	16	NA/147	270,000	30.06.2010
7.	No. 1-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	16	NA/125	230,000	30.06.2010
8.	No. 7-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	16	NA/145	280,000	30.06.2010
9.	No. 7-05 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	16	NA/120	230,000	30.06.2010
10.	No. 12-01, 12-02 & 12A-01, and 7-06, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	3 penthouse office lots together with 6 levels of multi-storey 128 bays of covered car parks, and 1 new office lot	16	NA/ 7,049	4,850,000	30.06.2010
11.	No. 3-02 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	16	NA/169	240,000	22.12.2010
12.	No. 4-04 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	16	NA/126	175,000	22.12.2010
13.	No. 4-03 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Freehold	An office lot	16	NA/135	240,000	24.07.2012
14.	Part of Lot 8753, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat)	Freehold	Vacant land held for investment purpose	N/A	362,535/ NA	51,418,828	30.10.2012

Analysis of **Shareholdings**

as at 24 April 2013

Authorised share capital	:	RM500,000,000
Paid-up share capital	:	RM155,998,575
Class of shares	:	Ordinary shares of RM0.50 each
Voting right	:	One vote per ordinary share

Distribution of shareholders

Size of holdings	No. of shareholders	No. of shares	%
Less than 100	12	299	0.00
100 to 1,000	290	224,369	0.07
1,001 to 10,000	1,783	10,535,140	3.38
10,001 to 100,000	978	31,404,361	10.07
100,001 shares to 15,599,856	163	91,114,817	29.20
15,599,857 and above	3	178,718,164	57.28
TOTAL	3,229	311,997,150	100.00

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

Substantial Shareholders	No. of ordinary shares of RM0.50 held			
	Direct	%	Deemed	%
Amal Pintas Sdn. Bhd.	33,339,643	10.69	-	-
Siram Permai Sdn. Bhd.	124,950,001	40.05	-	-
Teh Kiak Seng	20,428,520	6.55	124,950,001 (N1)	40.05
Tsai Chang Hsiu-Hsiang	-	-	33,339,643 (N2)	10.69
Tsai Chia Ling	-	-	33,339,643 (N2)	10.69
Tsai Yung Chuan	-	-	33,339,643 (N2)	10.69

Notes :

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

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

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

Directors	No. of ordinary shares of RM0.50 held			
	Direct	%	Deemed	%
Lai Fook Hoy	3,100,000	0.99	-	-
Teh Kiak Seng	20,428,520	6.55	124,950,001 (N1)	40.05
Teh Theng Theng	692,200	0.22	-	-
Thaw Yeng Cheong	120,000	0.04	280,000 (N2)	0.09
Yeoh Chong Keat	-	-	-	-
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1,000,000	0.32	-	-
Tsai Yung Chuan	-	-	33,339,643 (N3)	10.69
Tsai Chia Ling (Alternate Director to Tsai Yung Chuan)	-	-	33,339,643 (N3)	10.69

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

N2 Deemed interest by virtue of his spouse's shareholding pursuant to Section 134(12)(c) of the Companies Act, 1965

N3 Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Amal Pintas Sdn. Bhd.

30 Largest
Shareholdings

as at 24 April 2013

List of 30 largest shareholders according to the Record of Depositors

	Shareholders	**No. of shares held**	**%**
1.	Siram Permai Sdn. Bhd.	124,950,001	40.05
2.	Amal Pintas Sdn. Bhd.	33,339,643	10.69
3.	Teh Kiak Seng	20,428,520	6.55
4.	Poh Chean Hung	10,883,576	3.49
5.	WYZ Capital Sdn. Bhd.	8,512,327	2.73
6.	Sound Vantage Sdn. Bhd.	5,723,949	1.83
7.	Lai Fook Hoy	3,100,000	0.99
8.	Quah Tee Peng	3,016,740	0.97
9.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Julian Suresh Candiah	2,877,900	0.92
10.	Teh Eng Bew	2,288,478	0.73
11.	Fong Jong Yan	2,000,000	0.64
12.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Siling (CEB)	2,000,000	0.64
13.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	1,922,200	0.61
14.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (RHB INV)	1,769,000	0.57
15.	UOBM Nominees (Asing) Sdn. Bhd. Exempt an for Societe Generale Bank & Trust, Singapore Branch (Cust Asset)	1,500,000	0.48
16.	HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Tan Koo Ching	1,500,000	0.48
17.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for SP Tactical Investment Fund	1,200,000	0.38
18.	Tan Poh Heng	1,167,000	0.37
19.	Pang Fung Yau	1,000,000	0.32
20.	Viewpoint Style Sdn Bhd	970,077	0.31
21.	Hanlow Holdings Sdn Bhd	949,000	0.30
22.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for RHB Dynamic Fund (N14011200188)	918,000	0.29
23.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Yeok Beng	904,300	0.29
24.	Chuah Beng Kiat	900,000	0.29
25.	Tan Bee Chen	839,300	0.27
26.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	730,000	0.23
27.	Ng Soon Ling	723,000	0.23
28.	Chew E-Liang	714,200	0.23
29.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Hui	700,000	0.22
30.	Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	700,000	0.22

Analysis of
Warrant Holdings

as at 24 April 2013

Number of outstanding warrants	:	44,199,850
Exercise period	:	The exercise period is any time within a period of 5 years from the date of issue up to the expiry date of 30 May 2017
Exercise price	:	RM0.60 and subject to adjustments (where applicable) in accordance with the conditions provided in the Deed Poll.
Warrant Entitlement	:	Each warrant entitles the registered holder during the Exercise period to subscribe for one new ordinary share of RM0.50 each
Number of warrant holders as at 24 April 2013	:	760

Distribution of warrant holders

Size of holdings	No. of Warrant Holders	No. of Warrants	%
Less than 100	58	2,619	0.01
100 to 1,000	199	131,116	0.30
1,001 to 10,000	321	1,331,778	3.01
10,001 to 100,000	152	6,193,420	14.01
100,001 to 2,209,991	27	10,656,837	24.11
2,209,992 and above	3	25,884,080	58.56
TOTAL	760	44,199,850	100.00

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

Directors	No. of Warrants held			
	Direct	%	Deemed	%
Lai Fook Hoy	453,762	1.03	-	-
Teh Kiak Seng	3,271,274	7.40	17,850,000 (N1)	40.38
Teh Theng Theng	24,600	0.06	-	-
Thaw Yeng Cheong	10,000	0.02	40,000 (N2)	0.09
Yeoh Chong Keat	-	-	-	-
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	-	-	-	-
Tsai Yung Chuan	-	-	4,762,806 (N3)	10.78
Tsai Chia Ling (Alternate Director to Tsai Yung Chuan)	-	-	4,762,806 (N3)	10.78

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

N2 Deemed interest by virtue of his spouse's shareholding pursuant to Section 134(12)(c) of the Companies Act, 1965

N3 Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Amal Pintas Sdn. Bhd.

30 Largest
Warrant Holdings

as at 24 April 2013

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

	Shareholders	No. of Warrant held	%
1.	Siram Permai Sdn. Bhd.	17,850,000	40.38
2.	Amal Pintas Sdn. Bhd.	4,762,806	10.78
3.	Teh Kiak Seng	3,271,274	7.40
4.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Chin Chyang	1,960,300	4.44
5.	Poh Chean Hung	1,789,082	4.05
6.	WYZ Capital Sdn. Bhd.	1,023,446	2.32
7.	Quah Tee Peng	893,820	2.02
8.	Sound Vantage Sdn. Bhd.	817,707	1.85
9.	Lai Fook Hoy	453,762	1.03
10.	Lum Pong Luen	312,000	0.70
11.	Chuah Beng Kiat	300,000	0.68
12.	Lim Tee Hooi	260,000	0.59
13.	Teoh Kiat Ying	241,100	0.55
14.	Tan Jo Suen	230,000	0.52
15.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tiu Cherk Won (MY1531)	200,000	0.45
16.	Low Chai Seng	200,000	0.45
17.	G. Krishna Dass A/L G. Pillai	200,000	0.45
18.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chee Chin Ewe (CCTS)	193,700	0.43
19.	Padmaja Dass A/P N.P. Menon	170,000	0.38
20.	Lim Kong Yow	157,300	0.36
21.	Ooi Siew Hwa	155,520	0.35
22.	Koay Chew Bin	150,000	0.34
23.	Tan Seng Kiat	143,800	0.33
24.	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chuan Chong (JB)	140,000	0.32
25.	Jagat Cerah Sdn. Bhd.	120,000	0.27
26.	Chang Yean Yann	114,400	0.26
27.	UOBM Nominees (Tempatan) Sdn Bhd Golden Touch Asset Management Sdn Bhd for Golden Touch All Weather Fund	108,000	0.24
28.	Yap Kwang Meng	108,000	0.24
29.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kok Heong (024)	107,900	0.24
30.	Lee Kean Pheng	107,000	0.24

Financial **Statements**

Directors' **Report**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 December 2012**.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit for the financial year	57,048,428	14,379,164
Attributable to:		
Owners of the parent	40,812,192	14,379,164
Non-controlling interests	16,236,236	0
Profit for the financial year	57,048,428	14,379,164

DIVIDENDS

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

	Company RM
In respect of financial year ended 31 December 2011:	
Final single tier dividend of 3.8 Sen per ordinary share, paid on 14 September 2012	11,796,188
In respect of financial year ended 31 December 2012:	
Interim single tier dividend of 2.0 Sen per ordinary share, paid on 26 February 2013	6,228,800
	18,024,988

The Directors propose a final single tier dividend of 3.3 Sen per ordinary share amounting to RM10,257,819 in respect of the financial year ended 31 December 2012, 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 RM110,500,000 to RM155,421,500 by way of:

(a) rights issue of 88,400,000 new ordinary shares of RM0.50 each at par for cash together with 44,200,000 new free detachable warrants on the basis of two (2) rights shares and one (1) free warrant for every five (5) existing ordinary shares for working capital purposes; and

(b) issuance of 1,443,000 new ordinary shares of RM0.50 each for cash pursuant to the exercise of Employees' Share Options Scheme.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

a) Eligible Directors and employees are those who are confirmed employees of the Group and have served full time for at least a period of two (2) years of continuous services before the date of offer;

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

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

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

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

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

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

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

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

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

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

		← Number of options over ordinary shares of RM0.50 each →				
Date of offer	**Option price RM**	**Outstanding as at 1.1.2012**	**Movements during the financial year Granted**	**Exercised**	**Outstanding as at 31.12.2012**	**Exercisable as at 31.12.2012**
5 June 2012	0.50	0	6,656,000	(1,397,000)	5,259,000	5,259,000
31 July 2012	0.54	0	66,000	(46,000)	20,000	20,000
30 November 2012	0.65	0	278,000	0	278,000	278,000
		0	7,000,000	(1,443,000)	5,557,000	5,557,000

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The name of option holders other than Directors who were granted options to subscribe ordinary shares of RM0.50 each during the financial year are as follows:

	← Number of options over ordinary shares of RM0.50 each →			
	Outstanding as at	**Movements during the financial year**		**Outstanding as at**
	1.1.2012	**Granted**	**Exercised**	**31.12.2012**
5 June 2012				
Neoh Sze Tsin	0	300,000	(50,000)	250,000
Seow Li Fung	0	120,000	(65,000)	55,000
Chang Lian Feng	0	120,000	(120,000)	0
Chew Yoke Hoon	0	120,000	0	120,000
Teh Peng Peng	0	120,000	0	120,000
Ooi Boon Ewe	0	60,000	(60,000)	0
Tan Kean Seng	0	40,000	(40,000)	0
Khoo Lin Li	0	80,000	0	80,000
Teoh Sin Dee	0	80,000	(80,000)	0
Khor Ghee Young	0	80,000	(80,000)	0
Tan Boon Lai	0	40,000	(10,000)	30,000
Yong Chew Ting	0	50,000	(50,000)	0
Wong Poh Choo	0	50,000	(50,000)	0
Tan Sheue Jiun	0	40,000	(40,000)	0
Tan Hong Miao	0	40,000	0	40,000
Tan Phet Yee	0	40,000	(40,000)	0
Chang Hui Ling	0	40,000	(40,000)	0
Lim Lay Eng	0	40,000	(40,000)	0
Siti Aishah Binti Md Sahad	0	40,000	0	40,000
Tan Nien Yeong	0	20,000	(20,000)	0
Ang Swee Bee	0	20,000	0	20,000
Thong Yeap Chun	0	20,000	(20,000)	0
Tan Chai Jim	0	40,000	(40,000)	0
Lim Bee Hoon	0	40,000	(16,000)	24,000
Ooi Choon Huat	0	26,000	(26,000)	0
Tenku Rozuan Bin Tenku Ahmad Shahpar	0	26,000	(10,000)	16,000
Prabhawathy A/P Vijeandran	0	26,000	0	26,000
Yew Siew Gaik	0	26,000	0	26,000
Siti Zabedah Binti Ramli	0	12,000	0	12,000

Directors' Report
(Cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

	Number of options over ordinary shares of RM0.50 each			
	Outstanding as at	Movements during the financial year		Outstanding as at
	1.1.2012	Granted	Exercised	31.12.2012
31 July 2012				
Tan Bee Sien	0	20,000	(20,000)	0
Tan Nien Yeong	0	20,000	(20,000)	0
Ngiam Siaw Lian	0	20,000	0	20,000
Choo Eng Sun	0	6,000	(6,000)	0
30 November 2012				
Kenny Sin Boon Kean	0	60,000	0	60,000
Ng Peng Seiong	0	60,000	0	60,000
Lim Choon Hock	0	60,000	0	60,000
Goh Chee Mui	0	60,000	0	60,000
Saw Chai Yin	0	20,000	0	20,000
Tai Wee Fong	0	6,000	0	6,000
Tan Li Ching	0	6,000	0	6,000
Kamarul Bin Abdul Hamid	0	6,000	0	6,000

Details of options granted to Directors are disclosed in the section on Directors' interests in this report.

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
Lai Fook Hoy
Tsai Chia Ling
(Alternate to Tsai Yung Chuan) (Appointed on 27 July 2012)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2012 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965 in Malaysia were as follows:

	Number of ordinary shares of RM 0.50 each			
	Balance as at 1.1.2012/ Date of appointment	**Bought**	**Sold**	**Balance as at 31.12.2012**
Shareholdings in the Company				
Direct interests				
Teh Kiak Seng	9,715,674	9,712,846	0	19,428,520
Teh Theng Theng	123,000	569,200	0	692,200
Thaw Yeng Cheong	50,000	20,000	0	70,000
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	500,000	200,000	0	700,000
Lai Fook Hoy	0	3,100,000	0	3,100,000
Indirect interests				
Teh Kiak Seng*	89,250,001	35,700,000	0	124,950,001
Tsai Yung Chuan**	23,814,031	9,525,612	0	33,339,643
Tsai Chia Ling**	23,814,031	9,525,612	0	33,339,643

	Number of warrants***			
	Balance as at 1.1.2012/ Date of appointment	**Bought**	**Sold**	**Balance as at 31.12.2012**
Warrants in the Company				
Teh Kiak Seng	0	3,271,274	0	3,271,274
Teh Theng Theng	0	24,600	0	24,600
Thaw Yeng Cheong	0	10,000	0	10,000
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	0	100,000	(100,000)	0
Lai Fook Hoy	0	453,762	0	453,762
Indirect interests				
Teh Kiak Seng*	0	17,850,000	0	17,850,000
Tsai Yung Chuan**	0	4,762,806	0	4,762,806
Tsai Chia Ling**	0	4,762,806	0	4,762,806

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

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

*** Issuance of warrants pursuant to the rights issue of 88,400,000 new ordinary shares of RM0.50 each on 30 May 2012 on the basis of two (2) rights shares and one (1) free warrant for every five (5) existing ordinary shares held.

Directors' Report

(Cont'd)

DIRECTORS' INTERESTS (CONTINUED)

	Number of options over ordinary shares of RM0.50 each			
	Balance as at	Movements during the financial year		Balance as at
	1.1.2012	Granted	Exercised	31.12.2012
Share options in the Company				
Teh Kiak Seng	0	1,500,000	0	1,500,000
Teh Theng Theng	0	1,000,000	(500,000)	500,000
Thaw Yeng Cheong	0	1,000,000	0	1,000,000
Tsai Yung Chuan	0	500,000	0	500,000
Yeoh Chong Keat	0	300,000	0	300,000
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	0	300,000	0	300,000
Lai Fook Hoy	0	300,000	0	300,000

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those remunerations received by certain Directors as directors/executives of the subsidiaries and those transactions entered into in the ordinary course of business with companies in which certain Directors of the Company have substantial interests as disclosed in Note 40(b) to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS and the warrants issued as disclosed in Note 37 and Note 19 (d) to the financial statements.

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 provision for doubtful debts and satisfied themselves that there are no known bad debts and that provision need not be made for doubtful debts; and

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

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

(I) AS AT THE END OF THE FINANCIAL YEAR (CONTINUED)

(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 except for:

(i) the effects arising from impairment loss on investments in subsidiaries resulting in a decrease in the Company's profit for the financial year by RM14,863,486 as disclosed in Note 10 to the financial statements; and

(ii) the effects arising from impairment on goodwill on consolidation resulting in a decrease in the Group's profit for the financial year by RM1,766,236 as disclosed in Note 12 to the financial statements.

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

Directors' Report

(Cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 44 to the financial statements.

AUDITORS

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

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

Teh Kiak Seng
Director

Teh Theng Theng
Director

Penang
24 April 2013

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 62 to 144 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 45 on page 145 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Teh Kiak Seng
Director

Teh Theng Theng
Director

Penang
24 April 2013

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 62 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang this 24 April 2013

Teh Kiak Seng

Before me,

Commissioner for Oaths

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

Report on the Financial Statements

We have audited the financial statements of Tambun Indah Land Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and 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 62 to 144.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

(Cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 45 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF: 0206
Chartered Accountants

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

Penang
24 April 2013

Statements of
Financial Position

As At 31 December 2012

	NOTE	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	3,579,196	1,265,797	1,239,790	9,006
Investment properties	8	58,643,862	9,085,000	0	0
Land held for property development	9	68,235,252	85,773,628	0	0
Investments in subsidiaries	10	0	0	85,206,015	113,159,998
Investment in an associate	11	5,042,567	1,635,942	4,571,079	1,671,079
Goodwill on consolidation	12	0	1,766,236	0	0
Deferred tax assets	13	1,224,000	640,000	0	0
		136,724,877	100,166,603	91,016,884	114,840,083
Current assets					
Inventories	14	252,880	2,779,717	0	0
Property development costs	15	138,957,323	113,309,745	0	0
Trade and other receivables	16	70,576,418	65,295,149	58,820,671	33,862,462
Current tax assets		1,388,547	1,342,872	0	0
Cash and cash equivalents	17	95,972,422	39,290,710	21,903,165	3,361,606
		307,147,590	222,018,193	80,723,836	37,224,068
TOTAL ASSETS		443,872,467	322,184,796	171,740,720	152,064,151
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	155,421,500	110,500,000	155,421,500	110,500,000
Reserves	19	67,792,935	44,831,011	8,942,047	12,413,151
		223,214,435	155,331,011	164,363,547	122,913,151
Non-controlling interests		38,701,899	32,033,019	0	0
TOTAL EQUITY		261,916,334	187,364,030	164,363,547	122,913,151
LIABILITIES					
Non-current liabilities					
Borrowings	20	77,117,753	71,938,087	384,102	0
Deferred tax liabilities	13	1,765,350	2,893,350	0	0
		78,883,103	74,831,437	384,102	0
Current liabilities					
Trade and other payables	25	93,034,240	50,399,814	6,346,228	28,972,500
Borrowings	20	6,707,615	6,014,266	100,609	0
Current tax liabilities		3,331,175	3,575,249	546,234	178,500
		103,073,030	59,989,329	6,993,071	29,151,000
TOTAL LIABILITIES		181,956,133	134,820,766	7,377,173	29,151,000
TOTAL EQUITY AND LIABILITIES		443,872,467	322,184,796	171,740,720	152,064,151

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

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2012

	NOTE	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	26	296,707,539	191,843,758	38,091,118	21,782,969
Cost of sales	27	(193,431,625)	(130,600,595)	0	0
Gross profit		103,275,914	61,243,163	38,091,118	21,782,969
Other income					
- Interest income	28	1,369,147	842,487	1,112,078	444,714
- Other income	29	288,726	531,033	0	0
Selling and distribution expenses		(13,466,118)	(5,824,061)	0	0
Administrative expenses		(11,028,777)	(9,221,690)	(7,545,921)	(4,494,294)
Other expense		0	0	(14,863,486)	0
Finance costs	30	(2,196,794)	(775,034)	(394,720)	(448,617)
Share of profit/(loss) of an associate		743,631	(35,137)	0	0
Profit before tax	31	78,985,729	46,760,761	16,399,069	17,284,772
Tax expense	33	(21,937,301)	(13,066,357)	(2,019,905)	(1,078,500)
Profit for the financial year		57,048,428	33,694,404	14,379,164	16,206,272
Other comprehensive income		0	0	0	0
Total comprehensive income		57,048,428	33,694,404	14,379,164	16,206,272
Profit attributable to:					
Owners of the parent		40,812,192	23,378,513	14,379,164	16,206,272
Non-controlling interests		16,236,236	10,315,891	0	0
		57,048,428	33,694,404	14,379,164	16,206,272

Earnings per ordinary share attributable to equity holders of the Company (Sen):

Basic earnings per share (Sen)	34 (a)	14.93	10.65
Diluted earnings per share (Sen)	34 (b)	14.81	10.65

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

Statements of
Changes In Equity

For The Financial Year Ended 31 December 2012

Group	NOTE	Non-distributable Share capital RM	Share premium RM	Distributable Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
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							
Redeemable preference shares acquired by non-controlling interest of a subsidiary		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
Public issue	18	16,000,000	6,400,000	0	22,400,000	0	22,400,000
Dividends	35	0	0	(10,166,000)	(10,166,000)	0	(10,166,000)
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 2012 (Cont'd)

		Non-distributable					Distributable			
Group	NOTE	Share capital RM	Share premium RM	Share options reserve RM	Capital reserve RM	Warrants reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2012		110,500,000	6,400,000	0	0	0	38,431,011	155,331,011	32,033,019	187,364,030
Profit for the financial year		0	0	0	0	0	40,812,192	40,812,192	16,236,236	57,048,428
Total comprehensive income		0	0	0	0	0	40,812,192	40,812,192	16,236,236	57,048,428
Transactions with owners										
Issuance of ordinary shares pursuant to:										
- ESOS	18	721,500	125,240	0	0	0	0	846,740	0	846,740
- Rights issue	18	44,200,000	0	0	0	0	0	44,200,000	0	44,200,000
Dividends	35	0	0	0	0	0	(18,024,988)	(18,024,988)	0	(18,024,988)
Dividends paid to non-controlling interests of subsidiaries		0	0	0	0	0	0	0	(2,700,000)	(2,700,000)
Issuance of warrants		0	0	0	0	884,000	(884,000)	0	0	0
Share options granted under ESOS		0	0	49,480	0	0	0	49,480	0	49,480
Redemption of redeemable preference shares ('RPS') acquired by non-controlling interest of subsidiaries		0	0	0	0	0	0	0	(6,867,356)	(6,867,356)
Redemption of RPS by subsidiaries		0	0	0	199,579	0	(199,579)	0	0	0
Total transactions with owners		44,921,500	125,240	49,480	199,579	884,000	(19,108,567)	27,071,232	(9,567,356)	17,503,876
Balance at 31 December 2012		155,421,500	6,525,240	49,480	199,579	884,000	60,134,636	223,214,435	38,701,899	261,916,334

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

Statements of
Changes In Equity

For The Financial Year Ended 31 December 2012 (Cont'd)

		Non-distributable		Distributable	
				(Accumulated losses)/	
		Share capital	Share premium	Retained earnings	Total equity
Company	**NOTE**	**RM**	**RM**	**RM**	**RM**
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
Dividends	35	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
Changes In Equity

For The Financial Year Ended 31 December 2012 (Cont'd)

		Non-distributable				Distributable	
		Share capital	Share premium	Share options reserve	Warrants reserve	Retained earnings	Total equity
Company	**NOTE**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Balance at 1 January 2012		110,500,000	6,400,000	0	0	6,013,151	122,913,151
Profit for the financial year		0	0	0	0	14,379,164	14,379,164
Total comprehensive income		0	0	0	0	14,379,164	14,379,164
Transactions with owners							
Dividends	35	0	0	0	0	(18,024,988)	(18,024,988)
Issuance of ordinary shares pursuant to:							
- Employees' Share Options Scheme ('ESOS')	18	721,500	125,240	0	0	0	846,740
- Rights issue	18	44,200,000	0	0	0	0	44,200,000
Issuance of warrants		0	0	0	884,000	(884,000)	0
Share options granted under ESOS		0	0	49,480	0	0	49,480
Total transactions with owners		44,921,500	125,240	49,480	884,000	(18,908,988)	27,071,232
Balance at 31 December 2012		155,421,500	6,525,240	49,480	884,000	1,483,327	164,363,547

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

Statements of
Cash Flows

For The Financial Year Ended 31 December 2012

		Group		Company	
		2012	2011	2012	2011
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		78,985,729	46,760,761	16,399,069	17,284,772
Adjustments for:					
Bargain purchase gain	10	0	(52,109)	0	0
Depreciation of property, plant and equipment	7	472,212	299,556	383,385	2,252
Dividend income		0	0	(29,645,271)	(20,400,000)
Gain on disposal of property, plant and equipment	29	(20,667)	0	0	0
Impairment on goodwill on consolidation	12	1,766,236	502,724	0	0
Impairment loss on investments in subsidiaries	10	0	0	14,863,486	0
Listing expenses	31	0	2,674,165	0	2,674,165
Loss on disposal of property, plant and equipment	31	1,500	0	1,500	0
Net gain from fair value adjustments on investment properties	8	(115,000)	(160,000)	0	0
Property, plant and equipment written off	7	2,583	24,013	2,583	0
Rights issue expenses	31	1,177,459	0	1,177,459	0
Share of (profit)/loss of an associate	11	(743,631)	35,137	0	0
Share options granted under ESOS		49,480	0	49,480	0
Interest paid	30	2,196,794	775,034	394,720	448,617
Interest income	28	(1,369,147)	(842,487)	(1,112,078)	(444,714)
Operating profit/(loss) before working capital changes		82,403,548	50,016,794	2,514,333	(434,908)
Changes in working capital:					
Land held for property development		15,885,695	(24,581,360)	0	0
Inventories		2,526,837	(2,779,717)	0	0
Property development costs		(25,647,578)	(36,883,895)	0	0
Trade and other receivables		(5,281,269)	(5,698,172)	(24,958,209)	(25,533,133)
Trade and other payables		36,405,626	(15,962,111)	(28,855,072)	20,611,123
Net cash generated from/(used in) operations		106,292,859	(35,888,461)	(51,298,948)	(5,356,918)
Interest received		1,369,147	842,487	1,112,078	444,714
Tax paid		(25,439,340)	(10,153,045)	(1,652,171)	(900,000)
Tax refunded		1,500,290	604,175	0	0
Net cash from/(used in) operating activities		83,722,956	(44,594,844)	(51,839,041)	(5,812,204)

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

Statements of Cash Flows

For The Financial Year Ended 31 December 2012 (Cont'd)

		Group		Company	
		2012	2011	2012	2011
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	7	(1,350,048)	(780,951)	(1,080,252)	(11,258)
Purchase of investment properties	8	(48,702,160)	0	0	0
Proceeds from disposal of property, plant and equipment		32,000	0	2,000	0
Dividend income					
- subsidiaries		0	0	29,408,265	20,400,000
- associate		237,006	0	237,006	0
Acquisitions of subsidiaries	10	0	(3,745,327)	0	(6,410,000)
Acquisition of an associate	11	0	(1,671,079)	0	(1,671,079)
Acquisition of RPS in a subsidiary		0	0	0	(12,250,000)
Redemption of RPS in subsidiaries	10 (c)	0	0	13,090,497	0
Acquisition of RPS in an associate	11 (b)	(2,900,000)	0	(2,900,000)	0
Net cash (used in)/from investing activities		(52,683,202)	(6,197,357)	38,757,516	57,663
CASH FLOWS FROM FINANCING ACTIVITIES					
Placements of deposits pledged with licensed banks		(5,681,304)	(693,526)	0	0
Dividends paid to non-controlling interests of subsidiaries		(2,700,000)	0	0	0
Drawdowns of term loans and bridging loan		22,696,835	72,018,417	0	0
Proceeds from public issue	18	0	22,400,000	0	22,400,000
Proceeds from the issuance of shares pursuant to:					
- Rights issue	18	44,200,000	0	44,200,000	0
- ESOS		846,740	0	846,740	0
Repayments of bridging loan and term loans		(16,449,213)	(20,903,306)	0	0
Repayments of hire purchase creditors		(55,289)	0	(55,289)	0
Rights issue expenses	31	(1,177,459)	0	(1,177,459)	0
Listing expenses	31	0	(2,674,165)	0	(2,674,165)
Dividends paid	35	(11,796,188)	(10,166,000)	(11,796,188)	(10,166,000)
Redeemable preference shares ('RPS') acquired by non-controlling interest of a subsidiary		0	5,250,000	0	0
Redemption of RPS acquired by non-controlling interest of subsidiaries		(6,867,356)	0	0	0
Interest paid		(2,196,794)	(775,034)	(394,720)	(448,617)
Net cash from financing activities		20,819,972	64,456,386	31,623,084	9,111,218
Net increase in cash and cash equivalents		51,859,726	13,664,185	18,541,559	3,356,677
Cash and cash equivalents at beginning of the financial year		37,614,348	23,950,163	3,361,606	4,929
Cash and cash equivalents at end of the financial year (Note 17(e))		89,474,074	37,614,348	21,903,165	3,361,606

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

Notes to the
Financial Statements

For The Financial Year Ended 31 December 2012

1. CORPORATE INFORMATION

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

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

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

The consolidated financial statements for the financial year ended 31 December 2012 comprise the Company and its subsidiaries and the Group's interest in an associate. These 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 24 April 2013.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 62 to 144 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act 1965 in Malaysia.

However, Note 45 to the financial statements set out on page 145 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. 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.

The Group also assesses the existence of control where it does not have more than half of the voting power of an investee but is able to govern the financial and operating policies by virtue of de facto control. De facto control arises in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders provides the Group with the power to govern the financial and operating policies.

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.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation (Continued)

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.

4.3 Business combinations

<u>Business combinations from 1 January 2011 onwards</u>
Business combinations are accounted for by applying the acquisition method of accounting.

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations (Continued)

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

<u>Business combinations before 1 January 2011</u>

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.

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 4.10 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 less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation (Continued)

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

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

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

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

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

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

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

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

4.5 Leases and hire purchase

(a) Finance lease and hire purchase

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Leases and hire purchase (Continued)

(b) Operating leases

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

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

4.6 Property development activities

(a) Land held for property development

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

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

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

(b) Property development costs

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

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

4.7 Construction contracts

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Investment properties

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

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.

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

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Investments (Continued)

(b) Associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint 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 investment.

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

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 could 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 to the extent that there is no impairment.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Intangible asset

Goodwill

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

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

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

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

4.11 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and an associate), inventories, assets arising from construction contract, land held for property development, 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 have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Impairment of non-financial assets (Continued)

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

The impairment loss is recognised in profit or loss immediately.

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

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

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

4.12 Inventories

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

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

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

4.13 Financial instruments

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (Continued)

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

(a) Financial assets

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

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

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

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

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

(ii) Held-to-maturity investments

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

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

(iii) Loans and receivables

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Available-for-sale financial assets

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

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

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

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

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

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in according with the substance of the contractual arrangement. A financial liability is classified into the following two 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (Continued)

(b) Financial liabilities (Continued)

(ii) Other financial liabilities

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Financial instruments (Continued)

(c) Equity

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

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

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

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

4.14 Impairment of financial assets

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

Loans and receivables

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Borrowing costs

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

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

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

4.16 Income taxes

Income taxes include all domestic taxes on taxable profit.

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

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

(b) Deferred tax

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Income Taxes (Continued)

(b) Deferred tax (Continued)

(i) the same taxable entity; or

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

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

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

4.17 Provisions

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

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

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

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

4.18 Contingent liabilities and contingent assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.18 Contingent liabilities and contingent assets (Continued)

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

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

4.19 Employee benefits

(a) Short term employee benefits

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

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

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

(b) Defined contribution plan

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

(c) Share-based payments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Employee benefits (Continued)

(c) Share-based payments (Continued)

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

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

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

4.20 Revenue recognition

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

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

(a) Property development

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Revenue recognition (Continued)

(b) Construction contracts

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

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

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

(c) Project management fees

Project management fees are recognised when services are rendered.

(d) Rental income

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

(e) Car park income

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

(f) Dividend income

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

(g) Interest income

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

4.21 Operating segments

Operating segments are defined as components of the Group that:

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.21 Operating segments (Continued)

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

(c) for which discrete financial information is available.

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

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

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

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

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

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

(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.

4.22 Earnings per share

(a) Basic

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

(b) Diluted

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.23 Warrant reserves

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

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

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs adopted during the current financial year

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

Title	Effective Date
Amendments to FRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 January 2012
Amendments to FRS 7 *Disclosures- Transfer of Financial Assets*	1 January 2012
Amendments to FRS 112 *Deferred Tax: Recovery of Underlying Assets*	1 January 2012
FRS 124 *Related Party Disclosures*	1 January 2012

5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

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

Title	Effective Date
Amendments to FRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
FRS 10 *Consolidated Financial Statements*	1 January 2013
FRS 11 *Joint Arrangements*	1 January 2013
FRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 13 *Fair Value Measurement*	1 January 2013
FRS 119 *Employee Benefits (revised)*	1 January 2013
FRS 127 *Separate Financial Statements*	1 January 2013
FRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
Amendments to FRS 1 *Government Loans*	1 January 2013
Amendments to FRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to FRSs *Annual Improvements 2009 - 2011 Cycle*	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013

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

5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013 (Continued)

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

Title	**Effective Date**
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to FRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
FRS 9 *Financial Instruments*	1 January 2015

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

5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year

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

Title	**Effective Date**
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standard*s	1 January 2014
Amendments to MFRS 1 *Government Loans*	1 January 2014
MFRS 2 *Share-based Payment*	1 January 2014
MFRS 3 *Business Combinations*	1 January 2014
MFRS 4 *Insurance Contracts*	1 January 2014
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2014
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2014
MFRS 7 *Financial Instruments: Disclosures*	1 January 2014
Amendments *to MFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2014
MFRS 8 *Operating Segments*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2014
MFRS 9 *Financial Instruments*	1 January 2015
MFRS 10 *Consolidated Financial Statements*	1 January 2014
MFRS 11 *Joint Arrangements*	1 January 2014
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2014
MFRS 13 *Fair Value Measurement*	1 January 2014
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*	1 January 2014
MFRS 101 *Presentation of Financial Statements*	1 January 2014
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 January 2014
MFRS 102 *Inventories*	1 January 2014
MFRS 107 *Statement of Cash Flows*	1 January 2014
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2014
MFRS 110 *Events After the Reporting Period*	1 January 2014
MFRS 111 *Construction Contracts*	1 January 2014
MFRS 112 *Income Taxes*	1 January 2014

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For The Financial Year Ended 31 December 2012 (Cont'd)

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

5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year (continued)

Title	Effective Date
MFRS 116 *Property, Plant and Equipment*	1 January 2014
MFRS 117 *Leases*	1 January 2014
MFRS 118 *Revenue*	1 January 2014
MFRS 119 *Employee Benefits*	1 January 2014
MFRS 119 *Employee Benefits (revised)*	1 January 2014
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2014
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2014
MFRS 123 *Borrowing Costs*	1 January 2014
MFRS 124 *Related Party Disclosures*	1 January 2014
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2014
MFRS 127 *Consolidated and Separate Financial Statements*	1 January 2014
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2014
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2014
MFRS 132 *Financial Instruments: Presentation*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
MFRS 133 *Earnings Per Share*	1 January 2014
MFRS 134 *Interim Financial Reporting*	1 January 2014
MFRS 136 *Impairment of Assets*	1 January 2014
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2014
MFRS 138 *Intangible Assets*	1 January 2014
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2014
MFRS 140 *Investment Property*	1 January 2014
MFRS 141 *Agriculture*	1 January 2014
Amendments to MFRSs *Annual Improvements 2009 - 2011 Cycle*	1 January 2014
Improvements to MFRSs (2008)	1 January 2014
Improvements to MFRSs (2009)	1 January 2014
Improvements to MFRSs (2010)	1 January 2014
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2014
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2014
IC Interpretation 4 *Determining whether an Arrangement Contains a Lease*	1 January 2014
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2014
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	1 January 2014
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2014
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2014
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2014
IC Interpretation 12 *Service Concession Arrangements*	1 January 2014
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2014

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

5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year (continued)

Title	Effective Date
IC Interpretation 14 MFRS 119 *Employee Benefits - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2014
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2014
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2014
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2014
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2014
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2014
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2014
IC Interpretation 107 *Introduction of the Euro*	1 January 2014
IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*	1 January 2014
IC Interpretation 112 *Consolidation - Special Purpose Entities*	1 January 2014
IC Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2014
IC Interpretation 115 *Operating Leases - Incentives*	1 January 2014
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2014
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2014
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2014
IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*	1 January 2014
IC Interpretation 132 *Intangible Assets - Web Site Costs*	1 January 2014

The Group is in the process of assessing the impact on the financial statements arising from the transition from FRSs to MFRSs. However, some of the known effects are described as follows:

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

This Standard requires an opening MFRS statement of financial position at the date of transition to reflect the retrospective effects of implementing the MFRS framework for the first time. However, it also provides some exceptions and exemptions to an entity from full retrospective application of MFRSs.

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

IC Interpretation 15 Agreements for the Construction of Real Estate

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 entity 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.

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

5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year (continued)

An agreement for the construction of real estate shall be accounted for in accordance with MFRS 111 *Construction Contracts* 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 MFRS 118 *Revenue*. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of MFRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

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 2014.

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 at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

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

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

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

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

(b) Contingent liabilities

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.2 Critical judgements made in applying accounting policies (Continued)

(c) Classification of non-current bank borrowings

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

(d) Contingent liabilities on corporate guarantees

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

6.3 Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment

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

(b) 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 subsidiaries 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 subsidiaries 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 9.5%.

(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.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.3 Key sources of estimation uncertainty (Continued)

(c) 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 judgement 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.

(d) 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.

(e) 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.

(f) Fair value of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 43 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

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

7. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

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

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
Carrying amount			
Balance as at 31 December 2011	4,590	4,416	9,006

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Purchase of property, plant and equipment	1,890,048	780,951	1,620,252	11,258
Financed by hire purchase	(540,000)	0	(540,000)	0
Cash payments on purchase of property, plant and equipment	1,350,048	780,951	1,080,252	11,258

(b) As of 31 December 2012, the carrying amount of the property, plant and equipment of the Group and of the Company under hire purchase are as follows:

	Group and Company	
	2012 RM	2011 RM
Motor vehicles	519,811	0

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 22 to the financial statements.

8. INVESTMENT PROPERTIES

	Group 2012 RM	Group 2011 RM
Fair value		
Balance as at 1 January	9,085,000	8,925,000
Additions	238,000	0
Transfer to property, plant and equipment (Note 7)	(2,212,966)	0
Gain from fair value adjustments	115,000	160,000
Balance as at 31 December	7,225,034	9,085,000
At cost		
Construction-in-progress		
Balance as at 1 January	0	0
Additions	48,464,160	0
Transfer from land held for property development (Note 9)	2,954,668	0
Balance as at 31 December	51,418,828	0
Total investment properties	58,643,862	9,085,000

The fair values of investment properties amounted to RM7,225,034 (2011: RM9,085,000) were determined based on market values.

The investment properties under contruction of RM51,418,828 are stated at cost as the fair values of these properties could not be reliably determined as at the end of the reporting period.

As at 31 December 2012, investment properties with a carrying amount of RM51,418,828 (2011: RM Nil) have been charged to bank for credit facilities granted to the Group (Notes 23 and 24).

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

	Group 2012 RM	Group 2011 RM
Insurance	3,295	6,815
Quit rent and assessment	16,449	16,068
Repair and maintenance	52,754	46,568

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2012	2011
	RM	RM
Balance as at 1 January		
- Freehold land, at cost	80,803,216	49,847,456
- Development costs	4,970,412	2,480,509
	85,773,628	52,327,965
Acquisitions of subsidiaries (Note 10)		
- Freehold land, at cost	0	8,191,766
- Development costs	0	672,537
	85,773,628	61,192,268
Add: Cost incurred during the financial year		
- Freehold land, at cost	6,397,500	44,495,474
- Development costs	5,780,837	3,547,158
	12,178,337	48,042,632
Add: Transfer from property, plant and equipment (Note 7)		
- Development costs	1,301,987	0
Less: Transfer to investment properties (Note 8)		
- Development costs	(2,954,668)	0
Less: Transfer to property development costs (Note 15)		
- Freehold land, at cost	(22,869,278)	(21,731,480)
- Development costs	(3,589,446)	(1,729,792)
	(26,458,724)	(23,461,272)
Less: Disposals during the financial year		
- Freehold land, at cost	(1,067,328)	0
- Development costs	(537,980)	0
	(1,605,308)	0
Balance as at 31 December		
- Freehold land, at cost	63,264,110	80,803,216
- Development costs	4,971,142	4,970,412
	68,235,252	85,773,628

The freehold land held for property development with carrying amount of RM56,319,863 (2011: RM66,276,328) have been charged to banks for credit facilities granted to subsidiaries (Note 20).

10. INVESTMENTS IN SUBSIDIARIES

	Company 2012 RM	Company 2011 RM
At cost		
Unquoted ordinary shares	81,309,501	81,309,501
Redeemable preference shares	18,760,000	31,850,497
Less: Impairment losses	(14,863,486)	0
	85,206,015	113,159,998

(a) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2012	Effective interest in equity 2011	Principal activities
Cenderaman Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Denmas Sdn. Bhd.	Malaysia	100%	100%	Project and construction management
Denmas Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Epiland Properties Sdn. Bhd.	Malaysia	100%	100%	Property 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%	60%	Property development
Perquest Sdn. Bhd.	Malaysia	100%	100%	Property development

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries are as follows: (Continued)

Name of company	Country of incorporation	Effective interest in equity 2012	2011	Principal activities
Premcourt Development Sdn. Bhd.	Malaysia	100%	100%	Property development
Pridaman Sdn. Bhd.	Malaysia	100%	100%	Property development
Tokoh Edaran Sdn. Bhd.	Malaysia	100%	100%	Construction management
Tambun Indah Sdn. Bhd.	Malaysia	100%	100%	Property development
Tambun Indah Development Sdn. Bhd.	Malaysia	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
Held through TKS Land Sdn. Bhd.:				
Ascention Sdn. Bhd.	Malaysia	*50%	*50%	Property development
CBD Land Sdn. Bhd.	Malaysia	*50%	*50%	Property development

All subsidiaries above are audited by BDO, Malaysia.

* 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.

Impairment losses on investments in subsidiaries amounting to RM14,863,486 (2011: Nil) in respect of Juru Heights Sdn. Bhd., Perquest Sdn. Bhd. and Tokoh Edaran Sdn. Bhd., have been recognised during the financial year due to declining business operations. The recoverable amounts were determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a three (3)-year period. The discount rate applied to the cash flow projections was 9.50% based on the weighted average cost of capital of the Company.

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Acquisitions of subsidiaries

(i) In the previous financial year:

i) The Company acquired 60% issued and paid-up ordinary share capital of Palmington Sdn. Bhd., a company incorporated in Malaysia, which was involved in property development for a cash consideration of RM3,510,000.

ii) The Company acquired 100% issued and paid-up ordinary share capital of Pridaman Sdn. Bhd., a company incorporated in Malaysia, which was 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. was RM900,000.

iii) The Company acquired 100% issued and paid-up ordinary share capital of Premcourt Development Sdn. Bhd., a company incorporated in Malaysia, which was 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. was RM2,000,000 (where contingent consideration of RM500,000 has been included).

iv) Its wholly-owned subsidiary TKS Land Sdn. Bhd. acquired 50% issued and paid-up ordinary share capital of Ascention Sdn. Bhd., a company incorporated in Malaysia, which was involved in property development for a cash consideration of RM200,000.

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

	Carrying/Fair value 2011 RM
Non-current assets	
Property, plant and equipment (Note 7)	1
Land held for property development (Note 9)	8,864,303
Deferred tax assets (Note 13)	60,000
	8,924,304
Current assets	
Property development cost (Note 15)	11,586,272
Trade and other receivables	1,145,707
Deposits with licensed banks	1,405,679
Cash and bank balances	1,458,994
	15,596,652
Non-current liabilities	
Trade and other payables	(11,131,451)
Borrowings	(6,025,683)
Tax payable	(48,911)
	(17,206,045)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Acquisitions of subsidiaries (Continued)

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

	Carrying/Fair value 2011 RM
Fair values of net assets	7,314,911
Less: Non-controlling interest	(2,490,382)
Group's share of net assets	4,824,529
Goodwill on acquisition (Note 12)	1,837,580
Bargain purchase gain	(52,109)
Total cost of acquisition	6,610,000

The cash outflows on the acquisitions are as follows:

Cash paid	(6,610,000)
Cash and cash equivalents of subsidiaries acquired	2,864,673
Cash outflows of the Company on acquisitions	(3,745,327)

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

	RM
Revenue	5,201,968
Profit for the financial year	838,314

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

(c) Redemption of RPS

During the financial year, the Company redeemed RPS amounting to RM13,090,497 (2011: Nil) in respect of Tambun Indah Development Sdn. Bhd. and Zipac Development Sdn. Bhd..

11. INVESTMENT IN AN ASSOCIATE

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
At cost				
Unquoted ordinary shares	831,079	831,079	831,079	831,079
Redeemable preference shares	3,740,000	840,000	3,740,000	840,000
Share of post acquisition reserves, net of dividends received	471,488	(35,137)	0	0
	5,042,567	1,635,942	4,571,079	1,671,079

(a) The details of the associate are as follows:

Name of company	Country of incorporation	Effective interest in equity 2012	Effective interest in equity 2011	Principal activity
Ikhtiar Bitara Sdn. Bhd. #	Malaysia	45%	45%	Property development

Associate not audited by BDO, Malaysia

The financial statements of the above associate has a financial year end of 31 October 2012. In applying the equity method of accounting, the audited financial statements of Ikhtiar Bitara Sdn. Bhd. for the financial year ended 31 October 2012 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 October 2012 and 31 December 2012.

The summarised financial information of the associate is as follows:

Assets and liabilities	2012 RM	2011 RM
Current assets	8,582,062	2,321,725
Non-current assets	137,751	132,477
Total assets	8,719,813	2,454,202
Current liabilities	2,949,326	1,308,669
Non-current liabilities	239,000	0
Total liabilities	3,188,326	1,308,669
Results		
Revenue	7,759,008	0
Profit/(Loss) for the financial year	1,641,888	(78,082)

(b) Acquisition of RPS

During the financial year, the Company acquired RPS amounting to RM2,900,000 that were issued by the associate. The RPS aquired represents 97% of the total RPS issued by the associate.

(c) During the financial year, the Group and the Company received dividend of RM237,006 (2011: Nil) from the associate.

12. GOODWILL ON CONSOLIDATION

	Group	
	2012	2011
	RM	RM
Cost		
Balance as at 1 January	1,766,236	431,380
Acquisitions of subsidiaries (Note 10)	0	1,837,580
	1,766,236	2,268,960
Impairment on goodwill on consolidation	(1,766,236)	(502,724)
Balance as at 31 December	0	1,766,236

An impairment loss on goodwill amounting to RM1,766,236 relating to a subsidiary, Premcourt Development Sdn. Bhd., has been recognised during the financial year due to subsidiary is making losses in the current financial year.

In the previous financial year, impairment loss on goodwill amounted to RM502,724 in respect of certain subsidiaries had been recognised due to those subsidiaries were making losses.

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	
	2012	2011
	RM	RM
Property development	0	1,766,236

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 9.50%.

iii. Estimated number of units sold based on current market conditions and past performances.

13. DEFERRED TAX

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

	Group 2012 RM	Group 2011 RM
Balance as at 1 January	2,253,350	1,129,950
Acquisitions of subsidiaries (Note 10)	0	(60,000)
Recognised in profit or loss (Note 33):		
- property, plant and equipment	0	(100)
- property development costs	(1,712,000)	1,221,400
- overprovision in prior year	0	(37,900)
Balance as at 31 December	541,350	2,253,350
Presented after appropriate offsetting:		
Deferred tax assets, net	(1,224,000)	(640,000)
Deferred tax liabilities, net	1,765,350	2,893,350
	541,350	2,253,350

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

Deferred tax liabilities of the Group	2012 RM	2011 RM
Balance as at 1 January		
- property, plant and equipment	2,350	2,450
- property development costs	2,891,000	1,127,500
	2,893,350	1,129,950
Recognised in profit or loss (Note 33):		
- property, plant and equipment	0	(100)
- property development costs	(1,128,000)	1,801,400
- overprovision in prior year	0	(37,900)
Balance as at 31 December	1,765,350	2,893,350

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

	2012 RM	2011 RM
Property, plant and equipment	2,350	2,350
Property development costs	1,763,000	2,891,000
	1,765,350	2,893,350

13. DEFERRED TAX (CONTINUED)

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

Deferred tax assets of the Group	2012 RM	2011 RM
Balance as at 1 January	640,000	0
Acquisitions of subsidiaries (Note 10)		
- property development costs	0	60,000
Recognised in profit or loss (Note 33)		
- property development costs	584,000	580,000
Balance as at 31 December		
- property development costs	1,224,000	640,000

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

	Group 2012 RM	 2011 RM
Property, plant and equipment	126,800	(123,600)
Property development costs	281,600	0
Unused tax losses	1,115,200	398,800
	1,523,600	275,200

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

	Group 2012 RM	 2011 RM
At cost		
Completed properties held for sale	252,880	2,779,717

15. PROPERTY DEVELOPMENT COSTS

	Freehold land, at cost RM	Development costs RM	Total RM
Group			
Cumulative property development costs			
Balance as at 1 January 2012	102,697,055	167,419,277	270,116,332
Incurred during the financial year	11,535,839	171,696,487	183,232,326
Transfer from land held for property development (Note 9)	22,869,278	3,589,446	26,458,724
Transferred to inventories	(41,782)	(211,098)	(252,880)
Cost eliminated due to completion of projects	(16,403,890)	(82,877,552)	(99,281,442)
Balance as at 31 December 2012	120,656,500	259,616,560	380,273,060
Cumulative costs recognised in the statement of comprehensive income			
Balance as at 1 January 2012	(24,809,356)	(131,997,231)	(156,806,587)
Recognised during the financial year	(24,138,496)	(159,652,096)	(183,790,592)
Cost eliminated due to completion of projects	16,403,890	82,877,552	99,281,442
Balance as at 31 December 2012	(32,543,962)	(208,771,775)	(241,315,737)
Property development costs as at 31 December 2012	88,112,538	50,844,785	138,957,323
Cumulative property development costs			
Balance as at 1 January 2011	77,500,523	153,212,298	230,712,821
Acquisitions of subsidiaries (Note 10)	8,697,721	3,584,244	12,281,965
Incurred during the financial year	22,417,519	116,053,350	138,470,869
Transfer from land held for property development (Note 9)	21,731,480	1,729,792	23,461,272
Transferred to inventories	(220,729)	(627,903)	(848,632)
Cost eliminated due to completion of projects	(27,429,459)	(106,532,504)	(133,961,963)
Balance as at 31 December 2011	102,697,055	167,419,277	270,116,332
Cumulative costs recognised in the statement of comprehensive income			
Balance as at 1 January 2011	(31,650,632)	(134,222,611)	(165,873,243)
Acquisitions of subsidiaries (Note 10)	(215,797)	(479,896)	(695,693)
Recognised during the financial year	(20,372,386)	(103,827,228)	(124,199,614)
Cost eliminated due to completion of projects	27,429,459	106,532,504	133,961,963
Balance as at 31 December 2011	(24,809,356)	(131,997,231)	(156,806,587)
Property development costs as at 31 December 2011	77,887,699	35,422,046	113,309,745

15. PROPERTY DEVELOPMENT COSTS (CONTINUED)

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

	2012 RM	2011 RM
Directors of the Subsidiaries		
Executive Directors		
Directors' remuneration (Note 32)		
- other emoluments	79,924	101,426
Staff costs (exclude Directors' remuneration)	0	50,962
Interest on bank overdraft	6,577	139,953
Interest on bridging loans	0	267,517
Interest on term loans	1,207,043	1,039,055

Interest is capitalised in property development costs at rates ranging from 4.20% to 6.35% (2011: 4.30% to 7.60%) per annum.

Freehold land held under development with carrying amount of RM69,762,822 (2011: RM81,818,163) has been charged to banks for for credit facilities granted to subsidiaries (Note 20).

Included in Directors' remuneration and staff costs of the Group are contributions to a defined contribution plan of RM9,126 and RM Nil (2011: RM10,800 and RM5,400) respectively.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade receivables				
Third parties	36,842,553	18,034,475	0	0
Accrued billings in respect of property development costs	28,136,893	41,338,505	0	0
Amounts due from customers for contract work	27,845	1,361	0	0
Amounts due from subsidiaries	0	0	2,172,952	1,382,969
	65,007,291	59,374,341	2,172,952	1,382,969
Other receivables				
Other receivables	121,967	315,188	40,295	4,200
Amount due from an associate	784,427	547,421	784,427	547,421
Amounts due from subsidiaries	0	0	55,805,207	31,774,676
	906,394	862,609	56,629,929	32,326,297
Deposits and prepayments				
Deposits	4,648,605	4,919,250	5,440	15,540
Prepayments	14,128	138,949	12,350	137,656
	4,662,733	5,058,199	17,790	153,196
	70,576,418	65,295,149	58,820,671	33,862,462

All trade and other receivables are denominated in RM.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company are generally on 30 days term. 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 2012 RM	Group 2011 RM
Neither past due nor impaired	14,953,161	16,706,309
1 to 30 days past due not impaired	16,933,952	1,028,516
31 to 60 days past due not impaired	2,928,370	80,400
61 to 90 days past due not impaired	1,555,700	48,300
More than 91 days past due not impaired	471,370	170,950
	36,842,553	18,034,475

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 RM9,691,225 (2011: RM621,945) held by solicitors as stakeholders.

Receivables that are past due but not impaired

The Group has trade receivables of RM21,889,392 (2011: RM1,328,166) 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) Amounts due from customers for contract work

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

	Group 2012 RM	Group 2011 RM
Construction contract costs	6,106,955	68,412,494
Attributable profits	217,877	27,638,753
	6,324,832	96,051,247
Progress billings	(6,296,987)	(94,728,700)
	27,845	1,322,547
Transfer to inventories	0	(1,321,186)
	27,845	1,361

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and payable upon demand in cash and cash equivalents.

Included in amounts due from subsidiaries is an amount of RM26,456,531 (2011: RM16,900,000) which is non-trade in nature, bears interest at 4% (2011: 4%) per annum. The remaining amounts due from subsidiaries are interest free.

(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	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Short term investment fund placed with a financial institution	14,113,760	0	14,113,760	0
Cash and bank balances	68,434,816	33,875,499	4,304,301	3,361,606
Deposits placed with licensed banks	13,423,846	5,415,211	3,485,104	0
	95,972,422	39,290,710	21,903,165	3,361,606

All cash and cash equivalents are denominated in RM.

(a) Included in the Group's cash and bank balances is an amount of RM49,059,799 (2011: RM17,037,762) 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 43 to the financial statements.

(c) The short term investment fund placed with a financial institution represents highly liquid principal guaranteed investment in money market fund, which are readily convertible to known amounts of cash.

(d) Included in the deposits placed with licensed banks is an amount of RM6,498,348 (2011: RM817,044) pledged as securities for bank guarantees granted to the Group.

17. CASH AND CASH EQUIVALENTS (CONTINUED)

(e) 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	
	2012	2011	2012	2011
	RM	RM	RM	RM
Short term investment fund placed with a financial institution	14,113,760	0	14,113,760	0
Cash and bank balances	68,434,816	33,875,499	4,304,301	3,361,606
Deposits placed with licensed banks	6,925,498	4,598,167	3,485,104	0
Bank overdrafts included in borrowings (Note 20)	0	(859,318)	0	0
	89,474,074	37,614,348	21,903,165	3,361,606

18. SHARE CAPITAL

	Group and Company			
	2012	2011	2012	2011
	No. of shares	No. of shares	RM	RM
Authorised				
Ordinary shares of RM0.50 each	500,000,000	500,000,000	250,000,000	250,000,000
Issued and paid-up				
Ordinary shares of RM0.50 each				
Balance as at 1 January	221,000,000	189,000,000	110,500,000	94,500,000
Issued for cash pursuant to:				
- Rights issue	88,400,000	0	44,200,000	0
- Employees Share Options Scheme	1,443,000	0	721,500	0
Public issue	0	32,000,000	0	16,000,000
Balance as at 31 December	310,843,000	221,000,000	155,421,500	110,500,000

(a) During current financial year, the issued and paid-up share capital of the Company was increased from RM110,500,000 to RM155,421,500 by way of:

(i) rights issue of 88,400,000 new ordinary shares of RM0.50 each at par for cash together with 44,200,000 new free detachable warrants on the basis of two (2) rights shares and one (1) free warrant for every five (5) existing ordinary shares for working capital purposes; and

(ii) issuance of 1,443,000 new ordinary shares of RM0.50 each for cash pursuant to the exercise of Employees' Share Options Scheme.

(b) In the previous 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.

(c) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

19. RESERVES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-distributable:				
Share premium	6,525,240	6,400,000	6,525,240	6,400,000
Share options reserve	49,480	0	49,480	0
Capital reserve	199,579	0	0	0
Warrants reserve	884,000	0	884,000	0
	7,658,299	6,400,000	7,458,720	6,400,000
Distributable:				
Retained earnings	60,134,636	38,431,011	1,483,327	6,013,151
	67,792,935	44,831,011	8,942,047	12,413,151

(a) Share premium

The share premium of the Group and the Company represents premium arising from the issuance of ordinary shares of the Company at issue price above par value.

(b) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

(c) Capital reserve

The capital reserve arose from subsidiaries' redemption of Redeemable Preference Shares during the financial year pursuant to the requirements of Section 61 of the Companies Act, 1965 in Malaysia.

(d) The Warrants of 44,200,000 issued pursuant to the Rights Issue exercise of the Company were constituted by a Deed Poll dated 27 April 2012 ("Deed Poll"). The Warrants were listed on Main Market of Bursa Malaysia Securities Berhad on 4 June 2012. The main features of the Warrants are as follows:

(i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.

(ii) The exercise price of each Warrant has been fixed at RM0.60, subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.

(iii) The expiry date of Warrants shall be the day falling on the fifth (5th) year of the date of issue of the Warrants, whereupon any warrant, which has not been exercised will lapse and cease thereafter to be valid for any purpose.

(iv) The ordinary shares of RM0.50 each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respect with the existing issued ordinary share of the Company.

As at the end of the financial year, 44,200,000 warrants remained unexercised.

(e) Retained earnings

The Company does not have any Section 108 tax credit and, thus, has moved to the single tier dividend system.

20. BORROWINGS

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
<u>Current liabilities</u>				
Secured				
Bank overdraft (Note 17(e))	0	859,318	0	0
Hire purchase creditors (Note 22)	100,609	0	100,609	0
Bridging loan	1,713,974	0	0	0
Term loans	4,893,032	5,154,948	0	0
	6,707,615	6,014,266	100,609	0
<u>Non-Current liabilities</u>				
Secured	384,102	0	384,102	0
Hire purchase creditors (Note 22)	1,690,861	0	0	0
Bridging loan	75,042,790	71,938,087	0	0
Term loans	77,117,753	71,938,087	384,102	0
<u>Total borrowings</u>				
Bank overdraft (Note 21)	0	859,318	0	0
Hire purchase creditors (Note 22)	484,711	0	484,711	0
Bridging loan (Note 23)	3,404,835	0	0	0
Term loans (Note 24)	79,935,822	77,093,035	0	0
	83,825,368	77,952,353	484,711	0

All borrowings are denominated in RM.

21. BANK OVERDRAFT [2011 ONLY]

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 is disclosed in Note 43 to the financial statements.

22. HIRE PURCHASE CREDITORS [2012 ONLY]

	Group and Company RM
Minimum hire purchase payments:	
- not later than one (1) year	121,212
- later than one (1) year but not later than five (5) years	415,683
Total minimum hire purchase payments	536,895
Less: future interest charges	(52,184)
Present value of hire purchase payments	484,711
Repayable as follows:	
Current liabilities	
- not later than one (1) year	100,609
Non-current liabilities	
- later than one (1) year but not later than five (5) years	384,102
	484,711

Information on financial risks of borrowings is disclosed in Note 43 to the financial statements.

23. BRIDGING LOAN [2012 ONLY]

The bridging loan is secured by:

(a) Legal charge over the Group's development land as disclosed in Note 9 and Note 15 to the financial statements; and

(b) Corporate guarantee by Nadayu Properties Berhad and the Company.

Information on financial risks of borrowings is disclosed in Note 43 to the financial statements.

24. TERM LOANS

The term loans are secured by:

(a) Legal charge over the Group's investment properties and development land as disclosed in Note 8, Note 9 and Note 15 to the financial statements; and

(b) Corporate guarantee by Nadayu Properties Berhad and the Company.

Information on financial risks of borrowings is disclosed in Note 43 to the financial statements.

25. TRADE AND OTHER PAYABLES

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade payables				
Third parties	25,904,530	22,204,662	0	0
Progress billings in respect of property development costs	9,861,737	5,760,012	0	0
	35,766,267	27,964,674	0	0
Other payables				
Amounts due to subsidiaries	0	0	0	25,790,000
Other payables	44,048,304	17,859,510	8,378	3,000,000
Accruals	6,542,122	2,899,056	109,050	182,500
Dividend payable	6,228,800	0	6,228,800	0
Deposits received	448,747	1,676,574	0	0
	57,267,973	22,435,140	6,346,228	28,972,500
	93,034,240	50,399,814	6,346,228	28,972,500

All trade and other payables are denominated in RM.

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 days (2011: 30 days). Included in trade payables of the Group is retention sum on contracts amounting to RM16,345,230 (2011: RM10,769,172).

(b) Amounts due to subsidiaries were unsecured, non-trade in nature, bear interest at 4% (2011: 4%) per annum and payable upon demand in cash and cash equivalents.

(c) Included in other payables is an amount of RM21,499,180 (2011: RM Nil), which is in respect of to the acquisition of land from a third party.

(d) Information on financial risks of trade and other payables are disclosed in Note 43 to the financial statements.

26. REVENUE

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Property development	288,583,601	182,785,989	0	0
Contract revenue	7,518,664	8,463,487	0	0
Project management fees	0	0	8,445,847	1,382,969
Rental income from investment properties	484,800	475,800	0	0
Operation of car park	120,474	118,482	0	0
Dividend income	0	0	29,645,271	20,400,000
	296,707,539	191,843,758	38,091,118	21,782,969

27. COST OF SALES

	Group 2012 RM	Group 2011 RM
Property development	187,161,780	125,242,188
Contract works	6,269,845	5,358,407
	193,431,625	130,600,595

28. INTEREST INCOME

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest income from:				
Financial institution	1,225,926	705,940	491,664	99,149
Loans and receivables				
- subsidiaries	0	0	620,414	345,565
- third parties	143,221	136,547	0	0
	1,369,147	842,487	1,112,078	444,714

29. OTHER INCOME

	Group 2012 RM	Group 2011 RM
Administrative charges	28,930	34,660
Bargain purchase gain	0	52,109
Deposits forfeited	120,860	79,540
Fair value adjustments on investment properties	115,000	160,000
Gain on disposal of property, plant and equipment	20,667	0
Sundry income	3,269	0
Upgrading works	0	204,724
	288,726	531,033

30. FINANCE COSTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expenses on:				
- term loans	1,616,314	775,034	0	0
- hire purchase	13,732	0	13,732	0
- advances from subsidiaries	0	0	380,988	448,617
- other interests	566,748	0	0	0
	2,196,794	775,034	394,720	448,617

31. PROFIT BEFORE TAX

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit before tax is arrived at after charging:				
Audit's remuneration				
- statutory audits	147,700	141,500	25,000	25,000
- other services	12,500	43,000	12,500	40,500
Listing expenses	0	2,674,165	0	2,674,165
Depreciation of property, plant and equipment (Note 7)	472,212	299,556	383,385	2,252
Directors' remuneration (Note 32)				
- fee	175,000	170,000	175,000	170,000
- other emoluments	1,704,657	1,415,575	1,704,657	9,600
Impairment on goodwill on consolidation (Note 12)	1,766,236	502,724	0	0
Impairment loss on investments in subsidiaries (Note 10)	0	0	14,863,486	0
Loss on disposal of property, plant and equipment	1,500	0	1,500	0
Property, plant and equipment written off (Note 7)	2,583	24,013	2,583	0
Rental of automatic parking machine	0	12,000	0	0
Rental of office	28,200	0	0	0
Rental of show unit	35,280	0	0	0
Rights issue expenses	1,177,459	0	1,177,459	0

32. DIRECTORS' REMUNERATION

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors of the Company				
Executive Directors				
Directors' fee	48,000	48,000	48,000	48,000
Salaries and other emoluments	1,116,940	994,000	1,116,940	9,600
Bonus	286,500	238,500	286,500	0
Defined contribution plan	210,150	183,075	210,150	0
Share options granted under ESOS	68,000	0	68,000	0
Total executive directors' remuneration (exclude benefits-in-kind) (Note 31)	1,729,590	1,463,575	1,729,590	57,600
Estimated money value of benefits-in-kind	36,108	28,750	36,108	0
Total executive Directors' remuneration (including benefits-in-kind)	1,765,698	1,492,325	1,765,698	57,600

32. DIRECTORS' REMUNERATION (CONTINUED)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors of the Company				
Non-executive Directors				
Directors' fee	127,000	122,000	127,000	122,000
Other emoluments	10,000	0	10,000	0
Share options granted under ESOS	13,067	0	13,067	0
Total non-executive Directors' remuneration (Note 31)	150,067	122,000	150,067	122,000
Directors of the subsidiaries				
Executive Directors				
Salaries and other emoluments	70,798	75,626	0	0
Bonus	0	15,000	0	0
Defined contribution plan	9,126	10,800	0	0
Share options granted under ESOS	4,800	0	0	0
	84,724	101,426	0	0
Less:				
- capitalised in property development costs (Note 15)	(79,924)	(101,426)	0	0
Total executive Directors' remuneration (excluding benefits-in-kind)	4,800	0	0	0

Movements in share options granted under the ESOS during the financial year were as follows:

	2012
	Unit
Directors of the Company	
Executive Directors	
As at 1 January	0
Granted	3,500,000
Exercised	(500,000)
As at 31 December	3,000,000
Directors of the Company	
Non-executive Directors	
As at 1 January	0
Granted	1,400,000
Exercised	0
As at 31 December	1,400,000
Directors of the subsidiaries	
Executive Directors	
As at 1 January	0
Granted	60,000
Exercised	(60,000)
As at 31 December	0

The terms and conditions of the share options are detailed in Note 37 to the financial statements.

32. DIRECTORS' REMUNERATION (CONTINUED)

The number of Directors of the Group whose total remuneration during the financial year which fell within the following bands is analysed as below:

	Number of directors	
	2012	**2011**
Executive Directors		
RM200,001 - RM250,000	0	1
RM250,001 - RM300,000	1	0
RM300,001 - RM350,000	0	0
RM350,001 - RM400,000	0	1
RM400,001 - RM450,000	0	0
RM450,001 - RM500,000	1	0
RM850,001 - RM900,000	1	1
Non-executive Directors		
RM1 - RM50,000	5	5
Directors of the Subsidiaries		
Executive Director		
RM50,001 - RM100,000	1	0
RM100,001 - RM150,000	0	1

33. TAX EXPENSE

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Current tax expense based on profit for the financial year	23,805,775	11,880,711	2,049,300	1,078,500
(Over)/Underprovision of tax in prior years	(156,474)	2,246	(29,395)	0
	23,649,301	11,882,957	2,019,905	1,078,500
Deferred tax (Note 13):				
- relating to origination and reversal of temporary differences	(1,712,000)	1,221,300	0	0
- overprovision in prior year	0	(37,900)	0	0
	21,937,301	13,066,357	2,019,905	1,078,500

33. TAX EXPENSE (CONTINUED)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Profit before tax	78,985,729	46,760,761	16,399,069	17,284,772
Tax at the applicable tax rate of 25% (2011: 25%)	19,746,400	11,690,100	4,099,800	4,321,200
Tax effects in respect of:				
Income not subject to tax	(136,966)	(47,670)	(6,326,500)	(4,206,200)
Non allowable expenses	2,130,841	1,478,381	4,276,000	963,500
Permanent loss not recognised during the financial year	41,400	56,300	0	0
(Over)/Underprovision of tax in prior years	(156,474)	2,246	(29,395)	0
Deferred tax assets not recognised during the financial year	312,100	3,500	0	0
Overprovision of deferred tax liabilities in respect of prior financial year	0	(37,900)	0	0
Utilisation of deferred tax assets previously not recognised	0	(78,600)	0	0
Tax expense for the financial year	21,937,301	13,066,357	2,019,905	1,078,500

34. 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	
	2012 RM	**2011 RM**
Profit attributable to equity holders of the parent	40,812,192	23,378,513

	Group	
	2012 Unit	**2011 Unit**
Weighted average number of ordinary shares in issue	221,438,962	219,421,918
Effect of rights issue with free warrants	51,928,962	0
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	273,367,924	219,421,918
Basic earnings per share (Sen)	14.93	10.65

34. EARNINGS PER SHARE (Continued)

(b) Diluted

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

	Group 2012 RM	Group 2011 RM
Profit attributable to equity holders of the parent	40,812,192	23,378,513

	Group 2012 Unit	Group 2011 Unit
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	273,367,924	219,421,918
Effects of dilution:		
- employee share options	661,375	0
- unexercise warrants	1,585,041	0
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	275,614,340	219,421,918
Diluted earnings per share (Sen)	14.81	10.65

35. DIVIDENDS

	Group/Company			
	2012		2011	
	Gross dividend per share sen	Amount of dividend net of tax RM	Gross dividend per share sen	Amount of dividend net of tax RM
Dividends paid:				
In respect of financial year ended 31 December 2010:				
Interim single tier dividend	0	0	4.6	10,166,000
In respect of financial year ended 31 December 2011:				
Final single tier dividend	3.8	11,796,188	0	0
In respect of financial year ended 31 December 2012:				
Interim single tier dividend	2.0	6,228,800	0	0
	5.8	18,024,988	4.6	10,166,000

A final single tier dividend in respect of the financial year ended 31 December 2012 of 3.3 Sen per ordinary share amounting to RM10,257,819 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 2013.

36. EMPLOYEE BENEFITS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Wages, salaries and bonuses	4,862,758	3,862,737	3,863,738	601,659
Directors' fee	48,000	48,000	48,000	48,000
Contributions to defined contribution plan	759,521	514,652	487,757	71,928
Social security contributions	32,072	25,584	22,000	5,480
Other benefits	1,232,931	738,453	251,651	48,236
	6,935,282	5,189,426	4,673,146	775,303

Include in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,729,590 (2011: RM1,463,575) and RM1,729,590 (2011: RM57,600) respectively.

37. EMPLOYEES' SHARE OPTIONS SCHEME ('ESOS') [2012 ONLY]

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

(a) Eligible Directors and employees are those who are confirmed employees of the Group and have served full time for at least a period of two (2) years of continuous services before the date of offer;

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

(c) Not more than 50% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management of the Group;

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

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

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

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

37. EMPLOYEES' SHARE OPTIONS SCHEME ('ESOS') [2012 ONLY] (CONTINUED)

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

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

The details of the options over ordinary shares of the Company are as follows:

	Number of options over ordinary shares of RM0.50 each					
	Outstanding as at 1.1.2012	**Movements during the financial year Granted**	**Exercised**	**Lapsed**	**Outstanding as at 31.12.2012**	**Exercisable as at 31.12.2012**
2012						
5 June 2012	0	6,656,000	(1,397,000)	0	5,259,000	5,259,000
31 July 2012	0	66,000	(46,000)	0	20,000	20,000
30 November 2012	0	278,000	0	0	278,000	278,000
	0	7,000,000	(1,443,000)	0	5,557,000	5,557,000
Weighted average exercise prices (RM)	0	0.51	0.50	0	0.51	0.51
Weighted average remaining contractual life (months)	0					53

The details of share options outstanding at the end of the financial year are as follows:

	Exercise price RM	**Exercise period**
2012		
5 June 2012	0.50	5.6.2012 - 5.6.2017
31 July 2012	0.54	31.7.2012 - 5.6.2017
30 November 2012	0.65	30.11.2012 - 5.6.2017

Share options exercised during the financial year resulted in the issuance of 1,443,000 ordinary shares at an average price of RM0.50 each. The related weighted average ordinary share price at the date of exercise was RM0.66.

37. EMPLOYEES' SHARE OPTIONS SCHEME ('ESOS') [2012 ONLY] (CONTINUED)

The fair values of share options granted during the financial year was estimated by using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	Grant dates		
	5 June 2012	**31 July 2012**	**30 November 2012**
Fair values of share options (RM):	0.03	0.07	0.08
Share price (RM)	0.51	0.60	0.72
Exercise price (RM)	0.50	0.54	0.65
Expected volatility (%)	19.36	21.28	23.95
Expected life (years)	5.00	4.83	4.50
Risk free rate (%)	3.00	3.00	3.00
Expected dividend yield (%)	7.60	6.32	8.03

38. CAPITAL COMMITMENTS

	Group	
	2012 RM	**2011 RM**
Approved and contracted for:		
- Development land	110,958,540	169,758,540

39. CONTINGENT LIABILITIES

	Group/Company	
	2012 RM	**2011 RM**
Corporate guarantee given to banks for credit facilities granted to subsidiaries - unsecured	93,249,328	92,940,000

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

The Directors are of the view that the chances of the financial institutes to call upon the corporate guarantee are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

40. 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 and its associate. Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 10 to the financial statements;

(ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;

(iii) Companies in which certain Directors have substantial financial interests; and

(iv) Immediate family member of Directors of the Company and its subsidiaries.

The related parties and their relationships with the Group are as follows:

Name of related parties		**Relationship**
Palmsfield Sdn. Bhd.	)	Companies in which certain Directors of the Company have
Amal Pintas Sdn. Bhd.	)	substantial financial interests.
Legacy Immobiliare Sdn. Bhd.	)	
GTP Consultants Sdn. Bhd.	)	
NLE Electrical Engineering Sdn. Bhd.	)	

40. RELATED PARTY DISCLOSURES (CONTINUED)

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Progress claimed charged to an associate	6,010,419	286,568	0	0
Rental received from a company of which a Director has interest	0	4,300	0	0
Rental paid to a company of which a Director has interest	63,480	63,480	0	0
Payment of professional services rendered for consulting civil and structural engineer to a company of which a Director has interest	0	64,620	0	0
Payment of services rendered for external telecom, electronic works and street lighting to a company of which a Director has interest	0	324,711	0	0
Sales of development properties to Directors of the Company and/or family members	4,703,000	0	0	0
Sales of development properties to a company of which Directors have interest	1,149,130	0	0	0
Sales of development property to a key management personel of the Company	696,570	0	0	0
Dividend received from an associate	0	0	237,006	0
Dividends received from subsidiaries	0	0	29,408,265	20,400,000
Project management fees charged to subsidiaries	0	0	8,445,847	1,382,969
Interest charged to subsidiaries	0	0	620,414	345,565
Interest charged by subsidiaries	0	0	380,988	448,617

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

40. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Short term employee benefits	2,040,323	1,659,233	2,040,323	436,332
Contributions to defined contribution plan	249,905	216,681	249,905	33,606
	2,290,228	1,875,914	2,290,228	469,938

41. OPERATING SEGMENTS

Tambun Indah Land Berhad and its subsidiaries are principally engaged in investment holding, property development, construction and project management.

Tambun Indah Land Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Investment holding - Operation of car park and rental income

(ii) Property development - Development of land into vacant lots, residential, commercial and industrial buildings

(iii) Construction and project management - Construction and project management activities

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring gain/(losses), such as bargain purchase gain and goodwill on consolidation written off.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial year.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities.

41. OPERATING SEGMENTS (CONTINUED)

(a) Business segments

	Investment holding RM	Property development RM	Construction and project management RM	Group RM
2012				
Revenue:				
Total revenue	30,532,645	288,583,601	21,625,630	340,741,876
Inter-segment revenue	(29,927,371)	0	(14,106,966)	(44,034,337)
Revenue from external customers	605,274	288,583,601	7,518,664	296,707,539
Interest income	506,077	841,487	21,583	1,369,147
Finance costs	(2,752)	(2,183,056)	(10,986)	(2,196,794)
Net finance expense	503,325	(1,341,569)	10,597	(827,647)
Depreciation of property, plant and equipment	(76,677)	(29,518)	(366,017)	(472,212)
Segment profit before income tax	197,157	85,408,249	(3,379,749)	82,225,657
Share of profit of an associate	0	743,631	0	743,631
Tax expense	(232,688)	(20,522,813)	(1,181,800)	(21,937,301)
Other non-cash items:				
- impairment on goodwill on consolidation	(1,766,236)	0	0	(1,766,236)
- net gain from fair value adjustments on investment properties	115,000	0	0	115,000
- gain on disposal of property, plant and equipment	0	20,667	0	20,667
- loss on disposal of property, plant and equipment	(300)	0	(1,200)	(1,500)
- property, plant and equipment written off	(517)	0	(2,066)	(2,583)
Investment in an associate	0	5,042,567	0	5,042,567
Additions to non-current assets other than financial instruments and tax assets	353,000	64,674,876	812,337	65,840,213
Segment assets	8,214,778	402,843,900	30,201,242	441,259,920
Segment liabilities	6,489,020	166,626,573	3,744,015	176,859,608

41. OPERATING SEGMENTS (CONTINUED)

(a) Business segments (Continued)

	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 customers	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 income/(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
- impairment on goodwill on consolidation	(502,724)	0	0	(502,724)
- net gain from fair value adjustments on investment properties	160,000	0	0	160,000
- property, plant and equipment written off	(1,664)	(18,869)	(3,480)	(24,013)
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

41. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

Revenue

	2012 RM	2011 RM
Total revenue for reportable segments	340,741,876	246,122,142
Elimination of inter-segmental revenues	(44,034,337)	(54,278,384)
Group's revenue per consolidated statement of comprehensive income	296,707,539	191,843,758

Profit for the financial year

	2012 RM	2011 RM
Total profit for reportable segments	82,225,657	50,821,598
Unallocated amounts:		
- corporate expenses	(1,473,692)	(3,610,222)
Bargain purchase gain	0	52,109
Impairment on goodwill on consolidation	(1,766,236)	(502,724)
Profit before tax	78,985,729	46,760,761
Tax expense	(21,937,301)	(13,066,357)
Profit for the financial year of the Group per consolidated statement of comprehensive income	57,048,428	33,694,404

Assets

	2012 RM	2011 RM
Total assets for reportable segments	441,259,920	320,201,924
Deferred tax assets	1,224,000	640,000
Current tax assets	1,388,547	1,342,872
Group's assets per consolidated statement of financial position	443,872,467	322,184,796

Liabilities

	2012 RM	2011 RM
Total liabilities for reportable segments	176,859,608	128,352,167
Deferred tax liabilities	1,765,350	2,893,350
Current tax liabilities	3,331,175	3,575,249
Group's liabilities per consolidated statement of financial position	181,956,133	134,820,766

41. OPERATING SEGMENTS (CONTINUED)

(b) Geographical segments

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

There are no single external customers that the revenue generated from exceeded 10% of the Group's revenue.

42. 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 a going concern 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 previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies or processes during the financial years ended 31 December 2012 and 31 December 2011.

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	
	2012	2011	2012	2011
	RM	RM	RM	RM
Borrowings	83,825,368	77,952,353	484,711	0
Less: Cash and cash equivalents (Note 17)	(95,972,422)	(39,290,710)	(21,903,165)	(3,361,606)
Net debt	(12,147,054)	38,661,643	(21,418,454)	(3,361,606)
Total capital	223,214,435	155,331,011	164,363,547	122,913,151
Net debts	(12,147,054)	38,661,643	(21,418,454)	(3,361,606)
Equity	211,067,381	193,992,654	142,945,093	119,551,545
Capital gearing ratio	*	19.9%	*	*

42. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Capital management (Continued)

* Capital gearing ratio is not presented as the Group is in net cash position as at 31 December 2012 and the Company is in net cash position as at 31 December 2012 and 31 December 2011 respectively.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than 40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2012.

(b) Categories of financial instruments

	Group	Company
Loans and receivables	**RM**	**RM**
2012		
Financial assets		
Trade and other receivables, excluding prepayments	70,562,290	3,003,114
Cash and cash equivalents	95,972,422	21,903,165
	166,534,712	24,906,279
2011		
Financial assets		
Trade and other receivables, excluding prepayments	65,156,200	1,950,130
Cash and cash equivalents	39,290,710	3,361,606
	104,446,910	5,311,736

	Group	Company
Other financial liabilities	**RM**	**RM**
2012		
Financial liabilities		
Borrowings	83,825,368	484,711
Trade and other payables	93,034,240	6,346,228
	176,859,608	6,830,939
2011		
Financial liabilities		
Borrowings	77,952,353	0
Trade and other payables	50,399,814	28,972,500
	128,352,167	28,972,500

42. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair values and whose carrying amounts do not approximate their fair values are as follows:

		Group/Company	
		Carrying amounts	Fair values
	Note	RM	RM
2012			
Recognised			
Financial liabilities			
Hire purchase creditors	22	484,711	475,069

(d) Methods and assumptions used to estimate fair values

(i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

(ii) Obligations under hire purchase

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

(e) Fair value hierarchy

As at the end of the reporting period, the Group and the Company have no financial instruments that are measured subsequent to initial recognition at fair value and hence fair value hierarchy is not presented.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

The Group and the Company operate within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and do not trade in derivative financial instruments. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group and the Company financial risk management policies. The Group and the Company are exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk.

Notes to the
Financial Statements

For The Financial Year Ended 31 December 2012 (Cont'd)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Information on the management of the related exposures is detailed below.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk arises primarily from trade receivables. For other financial assets, cash and bank balances, the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, majority of the credit risk has been effectively transferred to the financial institutions as provided for in the sales and purchase agreements. For those sales on cash basis, which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments have been made. This is the normal industry practice currently.

Exposure to credit risk

At the end of the reporting 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 placed with licensed banks and short term investment fund that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due nor impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 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 their financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables and borrowings.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group and the Company's activities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity and cash flow risk (Continued)

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

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

As at 31 December 2012	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
Financial liabilities:				
Trade and other payables	93,034,240	0	0	93,034,240
Borrowings	10,366,223	83,251,439	0	93,617,662
Total undiscounted financial liabilities	103,400,463	83,251,439	0	186,651,902
Company				
Financial liabilities:				
Trade and other payables	6,346,228	0	0	6,346,228
Borrowings	121,212	415,683	0	536,895
Total undiscounted financial liabilities	6,467,440	415,683	0	6,883,123
As at 31 December 2011				
Group				
Financial liabilities:				
Trade and other 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
Company				
Financial liabilities:				
Trade and other payables	28,972,500	0	0	28,972,500
Total undiscounted financial liabilities	28,972,500	0	0	28,972,500

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group and the Company's financial instruments would fluctuate because of changes in market interest rates.

The Group and the Company's exposure to interest rate risk arises primarily from variable loans and borrowings.

As at the 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 2012. 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 RM140,400, 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 RM139,200, as a result of higher or lower interest expense on these borrowings.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (Continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2012									
Fixed rates									
Deposits placed with licensed banks	17	2.70 - 3.25	13,423,846	0	0	0	0	0	13,423,846
Hire purchase creditors	20	2.43 - 2.46	100,609	105,796	110,983	116,170	51,153	0	484,711
Floating rates									
Short term investment fund placed with a financial institution	17	2.72 - 2.81	14,113,760	0	0	0	0	0	14,113,760
Cash and bank balances	17	0 - 3.00	4,304,301	0	0	0	0	0	4,304,301
Bridging loan	20	4.20	(1,713,974)	(1,690,861)	0	0	0	0	(3,404,835)
Term loans	20	4.20 - 5.60	(4,893,032)	(18,738,944)	(23,792,308)	(24,461,538)	(8,050,000)	0	(79,935,822)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (Continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: (Continued)

Company	Note	Interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2012									
Fixed rates									
Deposits placed with licensed banks	17	2.70 - 3.25	3,485,104	0	0	0	0	0	3,485,104
Hire purchase creditors	20	2.43 - 2.46	100,609	105,796	110,983	116,170	51,153	0	484,711
Floating rates									
Short term investment fund placed with a financial institution	17	2.72 - 2.81	14,113,760	0	0	0	0	0	14,113,760
Cash and bank balances	17	0 - 3.00	4,304,301	0	0	0	0	0	4,304,301

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (Continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: (Continued)

Group	Note	Interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2011									
Fixed rates									
Deposits placed with licensed banks	17	3.00 - 3.25	5,415,211	0	0	0	0	0	5,415,211
Floating rates									
Cash and bank balances	17	0 - 2.00	33,875,499	0	0	0	0	0	33,875,499
Term loans	20	4.30 - 5.35	(5,154,948)	(13,632,740)	(17,533,340)	(17,722,205)	(19,999,802)	(3,050,000)	(77,093,035)
Bank overdraft	20	4.60	(859,318)	0	0	0	0	0	(859,318)

Company	Note	Interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2011									
Floating rates									
Cash and bank balances	17	0 - 2.00	3,361,606	0	0	0	0	0	3,361,606

Notes to the
Financial Statements

For The Financial Year Ended 31 December 2012 (Cont'd)

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 2 April 2012, Perquest Sdn. Bhd., a wholly-owned subsidiary 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.

(b) On 21 April 2012, Palmington Sdn. Bhd. ('Palmington'), a 60%-owned subsidiary entered into a Memorandum of Understanding with SIS Charter Sdn. Bhd. ('SIS Charter') for the purpose of communicating and exploring in greater depth and detail on the possibility of Palmington constructing and building an International School on part of Palmington's land located at Simpang Ampat, Seberang Perai at the cost and expense of Palmington and subsequently to lease the premises to SIS Charter.

Both parties are currently in the midst of obtaining relevant approvals from authorities and/or relevant agencies.

On 19 October 2012, Palmington and SIS Charter mutually agreed that the MOU be extended and continued to be in force for a further period of one (1) month to 19 November 2012.

On 19 November 2012, Palmington and SIS Charter further agreed that the MOU be extended for a period of 3 months to 19 February 2013. It was also agreed that SIS Charter's rights and obligations under the MOU be assigned to its subsidiary, PC Straits International Education Sdn. Bhd..

Subsequent to financial year end, the MOU between Palmington and SIS Charter lapsed on 20 February 2013.

(c) On 4 June 2012, the Company completed the Rights Issue with Warrants following the listing of and quotation for the 88,400,000 Rights Shares together with 44,200,000 Warrants on the Main Market of Bursa Malaysia Securities Berhad.

(d) On 5 June 2012, the Company established an Employees' Share Options Scheme ('ESOS') of up to five percent (5%) of the issued and paid-up share capital (excluding treasury shares) of the Company for eligible person of the Company and its subsidiary.

(e) On 10 August 2012, Palmington entered into a Supplemental Agreement with Pembangunan Mutiara to vary the order of completion of Parcel R2 and Parcel R3 in respect of the Acquisitions.

On 29 October 2012, Palmington and Pembangunan Mutiara mutually agreed to extend the completion date in respect of the acquisition of Parcel R3 from 3 November 2012 to a further period of three (3) months ('Extended Completion Date') with interest on the number of days of extension at the rate of eight per centum (8%) per annum on the balance purchase price or the amount outstanding. The extension of time was mainly due to the loan documentation of Palmington not been able to be completed in time. Palmington had paid the differential sum to Pembangunan Mutiara being the differrence between the purchase consideration and financing amount for Parcel R3.

The acquisition of Parcel R3 was completed on 15 January 2013.

45. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period are analysed as follows:

	Group		Company	
	2012	2011	2012	2011
Total retained earnings of the Company and its subsidiaries:				
- realised	134,116,399	76,822,426	2,367,327	6,013,151
- unrealised	15,915,924	15,172,503	(884,000)	0
	150,032,323	91,994,929	1,483,327	6,013,151
Total share of retained earnings from an associate:				
- realised	579,038	(35,137)	0	0
- unrealised	(107,550)	0	0	0
	150,503,811	91,959,792	1,483,327	6,013,151
Less: Consolidation adjustments	(90,369,175)	(53,528,781)	0	0
Total retained earnings	60,134,636	38,431,011	1,483,327	6,013,151

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Company will be held at Salon V, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 19 June 2013 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 2012 together with the Reports of Directors and Auditors thereon. **Please refer to Note 7**

2. To re-elect Mr. Thaw Yeng Cheong, a director who retires by rotation pursuant to Article 86 of the Company's Articles of Association and who, being eligible, offer himself for re-election. **Ordinary Resolution 1**

3. To approve the payment of Directors' Fees of not exceeding RM250,000.00 for the year ending 31 December 2013. **Ordinary Resolution 2**

4. To approve the payment of a final tax exempt dividend of 3.3 sen per ordinary share for the financial year ended 31 December 2012. **Ordinary Resolution 3**

5. 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. **Ordinary Resolution 4**

As Special Business

To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution :

6. **Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares**
"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued and paid-up share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued." **Ordinary Resolution 5**

7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

Notice of
Annual General Meeting

(Cont'd)

FUTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the Fifth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 10 June 2013. Only a depositor whose name appears on the Record of Depositors as at 10 June 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/vote on his/her behalf.

By Order of the Board,

LEE PENG LOON (MACS 01258)

P'NG CHIEW KEEM (MAICSA 7026443)
Secretaries
Penang

Date: 28 May 2013

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting.

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

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

5. For a proxy to be valid, the Proxy Form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

6. In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.

EXPLANATORY NOTE ON ORDINARY BUSINESS

7. Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company. Hence, Agenda 1 is not put forward for voting.

8. Mr. Tsai Yung Chuan is retiring by rotation in accordance with Article 86 of the Company's Articles of Association as a director of the Company at the forthcoming Annual General Meeting and he had indicated to the Board that he is not seeking for re-election as a director of the Company.

   Upon his retirement at the Annual General Meeting, Mr. Tsai Yung Chuan will cease to be a member of Nominating Committee.

Notice of
Annual General Meeting

(Cont'd)

EXPLANATORY NOTE ON SPECIAL BUSINESS

9. The Ordinary Resolution 5 proposed under Agenda 6 is to seek a general mandate for the Directors of the Company to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued and paid-up share capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

   The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

TAMBUN INDAH
恒大置地

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

Proxy **Form**

*I/We………
(*I/C No. / Passport No. / Company No. ……………………………………………) of ………………………………………
……………………………………………………………………… ………………………………………………………………
……………………………………………………………… being a *member/members of the abovenamed Company, hereby appoint ……………………………………………………………………………………………… (*I/C No. / Passport No. ………………………………………………) of ………………………………………………………………………………………
…………………………………… ………………………………………………………………………………………………
………………or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Fifth Annual General Meeting of the Company to be held at Salon V, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Tuesday, 19 June 2013 at 10.00 a.m., and at any adjournment thereof.

ORDINARY RESOLUTION	1	2	3	4	5
FOR					
AGAINST					

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed this ……………day of……………………..,2013.

No. of shares held

…………………………………………………………………
Signature(s)/Common Seal of member(s)

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies :

	No. of Shares	%
Proxy 1		
Proxy 2		
		100

Notes

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting.

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

4. Where a member is an authorized nominee as defined under the Securities Industry Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in each securities account it holds which is credited with the ordinary shares of the Company.

5. For a proxy to be valid, 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.

*strike out whichever is not desired.

Fold this flag sealing

2nd fold here

Stamp

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

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

12-01 Penthouse, Wisma Pantai,
Jalan Wisma Pantai, 12200 Butterworth,
Penang, Malaysia.

Tel : +604 324 0088
Fax : +604 324 0090
www.tambunindah.com