

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(j) INVENTORIES (Cont'd)**

Certain completed development properties of the Group are charged to banks and third parties as follows :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Banks as security for borrowings	7,490,826	16,046,208	11,387,341	85,419,980	47,267,681
Third party as security for balance of the purchase consideration remaining unpaid for the acquisition of freehold land by the subsidiary	-	1,125,035	-	-	-
Third parties as security for banking facility granted to a company in which a Director has a substantial financial interest	-	644,115	644,116	2,699,105	2,119,392

(k) RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Trade receivables					
- Amount due from contract customers	1,325	1,421,819	1,372,369	2,855,938	3,426,333
- Accrued billings	-	628,991	-	-	665,844
- Amount due from companies in which certain Directors have substantial financial interests	-	-	4,484,214	12,350,928	20,223,907
- Others	24,515,564	14,469,131	8,970,473	8,183,250	6,386,114
	24,516,889	16,519,941	14,827,056	23,390,116	30,702,198

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(k) RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Other receivables					
- Amount due from Directors	132,552	-	-	-	-
- Amount due from companies in which certain Directors have substantial financial interests	-	-	13,505,431	7,970,956	17,175,560
- Deposit	-	-	3,894,778	1,182,958	1,425,749
- Prepayment	-	-	44,450	32,893	46,292
- Others	5,521,900	17,029,856	3,431,287	4,887,809	5,634,481
	5,654,452	17,029,856	20,875,946	14,074,616	24,282,082
	30,171,341	33,549,797	35,703,002	37,464,732	54,984,280

Amount due from contract customers

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Construction cost incurred to date	7,081,066	3,808,211	7,926,953	29,999,325	73,545,357
Attributable profits	1,134,983	190,911	524,367	2,080,584	5,608,286
Less : Reclassification to property development costs (Note 7.2.4(i))	-	-	-	(1,039,728)	-
	8,216,049	3,999,122	8,451,320	31,040,181	79,153,643
Less : Progress billings	(8,214,724)	(2,577,303)	(7,078,951)	(28,184,243)	(75,727,310)
	1,325	1,421,819	1,372,369	2,855,938	3,426,333

The trade amount due from subsidiary and companies in which certain Directors have substantial financial interests are subject to the normal trade terms.

The non-trade amount due from companies in which certain Directors have substantial financial interests is unsecured, interest free and repayable on demand.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(I) SHARE CAPITAL**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Ordinary shares of RM1 each					
Authorised :					
Balance at 1 January	1,000,000	1,000,000	10,000,000	10,000,000	10,000,000
Increased during the year	-	9,000,000	-	-	-
Balance at 31 December	<u>1,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid :					
Balance at 1 January	1,000,000	1,000,000	6,500,000	6,500,000	6,500,000
Issued at par, for cash	-	5,500,000	-	-	-
Balance at 31 December	<u>1,000,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank approximately RM24,093,000 of its retained earnings at 31 December 2009 if paid out as dividends.

The Finance Act, 2007, introduced a single tier company income tax system with effect from year of assessment 2009. As such, the Section 108 tax credit as at 31 December 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(m) BORROWINGS, SECURED**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current					
Bank overdrafts	4,998,073	8,217,818	8,239,919	9,087,734	9,321,822
Term loans	10,148,250	11,630,021	31,898,935	29,874,467	28,620,044
Al-Bai Bithaman Ajil- Term Financing ("BBA-TF")	1,048,506	1,039,545	1,122,834	-	-
Hire purchase obligations	175,395	55,956	202,859	1,680,470	2,220,603
	<u>16,370,224</u>	<u>20,943,340</u>	<u>41,464,547</u>	<u>40,642,671</u>	<u>40,162,469</u>
Non-current					
Term loans	21,469,977	30,735,053	12,104,326	19,351,386	72,771,870
BBA-TF	2,359,137	1,385,916	262,685	-	-
Hire purchase obligations	74,866	18,910	282,573	5,237,111	4,329,345
	<u>23,903,980</u>	<u>32,139,879</u>	<u>12,649,584</u>	<u>24,588,497</u>	<u>77,101,215</u>

The BBA-TF is payable on a monthly basis over a period of 5 years at a profit margin of 2.98% per annum.

Term loans

Term loans are repayable as follows :

Group	Total RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
At 31 December 2005	<u>31,618,227</u>	<u>10,148,250</u>	<u>20,898,159</u>	<u>571,818</u>
At 31 December 2006	<u>42,365,074</u>	<u>11,630,021</u>	<u>30,176,915</u>	<u>558,138</u>
At 31 December 2007	<u>44,003,261</u>	<u>31,898,935</u>	<u>11,679,326</u>	<u>425,000</u>
At 31 December 2008	<u>49,225,853</u>	<u>29,874,467</u>	<u>17,953,990</u>	<u>1,397,396</u>
At 31 December 2009	<u>101,391,914</u>	<u>28,620,044</u>	<u>70,859,122</u>	<u>1,912,748</u>

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)

7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(m) BORROWINGS, SECURED (Cont'd)

Securities

The above borrowings were secured by way of :

- i) first party legal charge over the subsidiary's freehold land, development land, investment properties and inventories (refer Notes 7.2.4(f), 7.2.4(g), 7.2.4(i) and 7.2.4(j));
- ii) a debenture incorporating fixed and floating charge over the Group's present and future assets;
- iii) joint and several guarantees by certain Directors of the Company and a former Director of the Company; and
- iv) placement of fixed deposits of RM1.0 million under lien with Memorandum of Deposit and Letter of set-off.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(m) BORROWINGS, SECURED (Cont'd)**Hire purchase obligations

The hire purchase obligations are payable as follows :

	← 2005 →			← 2006 →		
	Payments RM	Interest RM	Principal RM	Payments RM	Interest RM	Principal RM
Less than 1 year	188,020	12,625	175,395	58,935	2,979	55,956
Between 1 and 5 years	78,947	4,081	74,866	20,012	1,102	18,910
	<u>266,967</u>	<u>16,706</u>	<u>250,261</u>	<u>78,947</u>	<u>4,081</u>	<u>74,866</u>
	← 2007 →			← 2008 →		
	Payments RM	Interest RM	Principal RM	Payments RM	Interest RM	Principal RM
Less than 1 year	227,024	24,165	202,859	2,206,022	525,552	1,680,470
Between 1 and 5 years	295,667	13,094	282,573	6,063,053	825,942	5,237,111
	<u>522,691</u>	<u>37,259</u>	<u>485,432</u>	<u>8,269,075</u>	<u>1,351,494</u>	<u>6,917,581</u>
	← 2009 →					
	Payments RM	Interest RM	Principal RM			
Less than 1 year	2,656,286	435,683	2,220,603			
Between 1 and 5 years	4,804,990	475,645	4,329,345			
	<u>7,461,276</u>	<u>911,328</u>	<u>6,549,948</u>			

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(n) TRADE AND OTHER PAYABLES**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current					
Trade payables					
Progress billings	22,806,432	27,188,923	34,320,472	43,006,046	30,798,826
Amount due from companies in which a Director has a substantial financial interest	-	-	95,417	-	-
Others	9,526,233	7,923,493	9,899,607	12,560,173	18,484,369
	32,332,665	35,112,416	44,315,496	55,566,219	49,283,195
Other payables					
Amount due to Directors	10,192,664	10,341,961	10,241,162	10,507,361	7,814,983
Amount due to shareholders	-	1,640,000	2,405,000	2,405,000	2,159,000
Amount due to companies in which certain Directors have substantial financial interests	-	-	478,524	2,964,936	681,465
Accruals	-	-	11,458,440	57,626,104	53,156,381
Other payables	38,944,923	26,133,027	1,699,072	3,842,014	3,914,184
	49,137,587	38,114,988	26,282,198	77,345,415	67,726,013
	81,470,252	73,227,404	70,597,694	132,911,634	117,009,208
Non-current					
Other payables	12,000,000	-	-	-	-

The trade amount due to companies in which a Director has a substantial financial interest was subject to normal trade terms.

The amounts due to Directors, shareholders, subsidiary and companies in which certain Directors have substantial financial interests are unsecured, interest-free and have no fixed terms of repayment.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(o) CAPITAL COMMITMENTS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property, plant and equipment					
Contracted but not provided for	-	-	4,059,000	1,730,005	96,900

(p) DEFERRED TAX LIABILITIES*Recognised deferred tax liabilities*

Deferred tax liabilities are attributable to the following :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property, plant and equipment					
- capital allowance	475,587	475,587	458,416	857,358	1,614,000
Provision	(41,748)	-	-	-	-
	390,533	475,587	458,416	857,358	1,614,000

(q) SEGMENTAL INFORMATION

No segmental information is presented as the Company's business segment is confined to one segment, property development and construction which is operated solely in Malaysia.

(r) FINANCIAL INSTRUMENTS**Financial risk management objectives and policies**

Exposure to credit and interest rate risk arises in the normal course of the Group and the Company's business. The Group and the Company's risk management is basically guided and monitored by the Board of Directors as summarised below :

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(r) FINANCIAL INSTRUMENTS (Cont'd)****Credit risk**

Credit risk is monitored on an ongoing basis.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the balance sheet.

Interest rate risk

The Group's primary interest rate risk is related to debt obligations and deposits, which are mainly confined to long term bank borrowings and short term deposits with licensed banks.

Bank borrowings are on fixed and floating rates terms. The interest rates are negotiated in order to ensure that the Group benefits from the lowest possible financing costs.

Effective interest rates and repricing analysis

In respect of interest-earning financial asset and interest-bearing financial liabilities, the following table indicates their average effective interest rates at balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	Average effective interest rate per annum %	Total RM	Within 1 year	
			RM	1-5 years RM
2009				
Fixed rate instruments				
<i>Financial assets</i>				
Deposits placed with licensed banks	2.10	1,237,009	1,237,009	-
<i>Financial liabilities</i>				
Secured				
Term loans	8.50	4,521,282	4,521,282	-
Finance lease liabilities	2.13 - 4.75	6,549,948	2,220,603	4,329,345
Floating rate instruments				
<i>Financial liabilities</i>				
Secured				
Term loans	4.05 - 7.55	96,870,632	96,870,632	-
Bank overdrafts	7.05 - 7.30	9,321,822	9,321,822	-

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)

7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(r) FINANCIAL INSTRUMENTS (Cont'd)

	Average effective interest rate per annum %	Total RM	Within 1 year RM	1-5 years RM
2008				
Fixed rate instruments				
<i>Financial assets</i>				
Deposits placed with licensed banks	3.20	1,208,083	1,208,083	-
<i>Financial liabilities</i>				
Secured				
Term loans	8.50	10,000,000	10,000,000	-
Finance lease liabilities	2.13 - 4.75	6,917,581	1,680,470	5,237,111
Floating rate instruments				
<i>Financial liabilities</i>				
Secured				
Term loans	7.60 - 8.00	39,225,853	39,225,853	-
Bank overdrafts	8.00 - 8.25	9,087,734	9,087,734	-
2007				
Fixed rate instruments				
<i>Financial assets</i>				
Deposits placed with licensed banks	3.20	2,180,989	2,180,989	-
<i>Financial liabilities</i>				
Secured				
Term loans	2.98	1,385,519	1,122,834	262,685
Finance lease liabilities	2.90 - 4.20	485,432	202,859	282,573
Floating rate instruments				
<i>Financial liabilities</i>				
Secured				
Term loans	7.75 - 8.50	44,003,261	44,003,261	-
Bank overdrafts	8.25 - 8.50	8,239,919	8,239,919	-

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)

7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(r) FINANCIAL INSTRUMENTS (Cont'd)

	Average effective interest rate per annum %	Total RM	Within 1 year RM	1-5 years RM
2006				
Fixed rate instruments				
<i>Financial assets</i>				
Deposits placed with licensed banks	3.20	2,104,636	2,104,636	-
<i>Financial liabilities</i>				
Secured				
Term loans	2.98	2,425,461	1,039,545	1,385,916
Finance lease liabilities	4.10 - 5.70	74,866	55,956	18,910
Floating rate instruments				
<i>Financial liabilities</i>				
Secured				
Term loans	7.00 - 7.75	42,365,074	42,365,074	-
Bank overdrafts	7.50 - 7.75	8,217,818	8,217,818	-
2005				
Fixed rate instruments				
<i>Financial assets</i>				
Deposits placed with licensed banks	3.20	2,104,636	2,104,636	-
<i>Financial liabilities</i>				
Secured				
Term loans	2.98	3,407,643	1,048,506	2,359,137
Finance lease liabilities	4.10 - 5.70	250,261	175,395	74,866
Floating rate instruments				
<i>Financial liabilities</i>				
Secured				
Term loans	7.00 - 7.75	31,618,227	31,618,227	-
Bank overdrafts	7.50 - 7.75	4,998,073	4,998,073	-

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)

7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(r) FINANCIAL INSTRUMENTS (Cont'd)

Fair values

The carrying amounts approximate fair values due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, receivables, payables and short term borrowings.

For the investment in unquoted shares where there is no available quoted market price, a reasonable estimate of fair value could not be made as it is not practicable within the constraints of timeliness or cost.

The carrying amounts of finance lease liabilities and term loans approximate its fair value as there is no significant difference between the historical interest rate at the point when liability was undertaken and the current prevailing market interest rate.

The Company provides financial guarantees to financial institutions for banking facilities granted to a subsidiary and related parties. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiary and related parties defaulting on the facilities is remote.

There were no unrecognised financial instruments at balance sheet date.

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)

7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(s) CONTINGENT LIABILITIES

Group/Company

- (i) Certain units of completed development property with carrying amount of RM2,119,393 (2008 : RM2,699,105) are charged to third parties as security for banking facility granted to a company in which a Director has substantial financial interest.
- (ii) The Company has issued corporate guarantee to a licensed bank for credit facility granted to a related party up to the limit of RM Nil (2008 : RM3.6 million) of which RM Nil (2008 : RM2.5 million) has been utilised as at balance sheet date.
- (iii) The Company has issued corporate guarantee to a licensed bank for banking facilities granted to a related party up to the limit of RM 77 million (2008 : RM 77 million) of which RM Nil (2008 : RM Nil) has been utilised as at balance sheet date.

Company

- (i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to the subsidiary up to a limit of RM88 million (2008 : RM89 million) of which RM78.3 million (2008 : RM34.8 million) was utilised at balance sheet date.
- (ii) The Company has issued corporate guarantee to a licensed bank for finance lease facility granted to the subsidiary up to a limit of RM 1.725 million (2008 : RM NIL) of which RM1,047,565 (2008 : RM Nil) is the amount outstanding at balance sheet date.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(t) RELATED PARTY TRANSACTIONS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Transactions with companies in which certain Directors have substantial financial interest					
Rental income	-	-	-	136,330	235,895
Main contractor fees receivable	-	-	-	20,830,688	45,723,177
Project management fees receivable	-	-	-	274,604	1,819,890
Security service charges payable	-	-	-	483,988	687,130
Consultant's fees payable	-	-	-	4,144,982	1,548,148
Other expenses payable	-	-	-	-	20,395
Transactions with Directors					
Purchase of motor vehicles	-	-	-	6,600	-
Progress billings receivable from Directors	-	-	2,005,255	4,544,656	451,695

(u) RESTATEMENT TO THE AUDITED FINANCIAL STATEMENTS

The audited financial statements of IASB Group for the financial year ended 31 December 2005 have been restated to reflect the change in accounting policy on profit recognition of property development activities from the progress billing method to the stage of completion method measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB**

We set out below the income statements of IGSB for the financial years ended 31 December 2005 to 2009.

	Note	Year ended 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Revenue	7.3.4(a)	11,690,610	40,790,329	89,858,270	123,756,149	60,814,960
Cost of sales	7.3.4(b)	(6,219,231)	(19,195,093)	(51,016,780)	(94,703,439)	(37,713,540)
Gross profit		5,471,379	21,595,236	38,841,490	29,052,710	23,101,420
Selling and marketing expenses		(283,835)	(736,322)	(1,131,410)	(829,144)	(525,202)
Administration expenses		(2,465,181)	(3,010,545)	(4,388,634)	(5,525,624)	(10,625,880)
Other operating income		108,919	144,847	328,885	631,511	2,623,301
Operating profit	7.3.4(c)	2,831,282	17,993,216	33,650,331	23,329,453	14,573,639
Interest expense		(74,681)	(681,057)	(569,720)	(461,872)	(1,734,435)
Profit before tax		2,756,601	17,312,159	33,080,611	22,867,581	12,839,204
Tax expense	7.3.4(d)	(730,417)	(4,944,013)	(8,991,826)	(6,046,515)	(3,312,806)
Profit for the year		2,026,184	12,368,146	24,088,785	16,821,066	9,526,398
Weighted average number of shares in issue during the year		1,854,795	3,000,000	3,000,000	3,000,000	3,000,000
Earnings per share (RM)						
- Gross		1.49	5.77	11.03	7.62	4.28
- Net		1.09	4.12	8.03	5.61	3.18
Gross profit margin (%)		46.80	52.94	43.23	23.48	37.99

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)**

	Year ended 31 December				
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
PBT margin (%)	23.58	42.44	36.81	18.48	21.11
PAT margin (%)	17.33	30.32	26.81	13.59	15.66
Debtors' turnover period (months)	7.19	0.85	1.20	0.79	1.14
Creditors' turnover period (months)	34.75	20.46	9.68	10.38	18.98
Inventories' turnover period (months)	-	-	-	9.37	11.37

7.3.1 BALANCE SHEETS

We set out below the balance sheets of IGSB as at 31 December 2005 to 2009.

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Assets						
Property, plant and equipment	7.3.4(e)	15,222,582	16,999,659	16,933,626	30,615,863	31,508,850
Investment properties	7.3.4(f)	-	-	-	-	39,956,190
Total non-current assets		15,222,582	16,999,659	16,933,626	30,615,863	71,465,040
Inventories	7.3.4(g)	-	-	-	73,968,674	35,732,909
Property development costs	7.3.4(h)	63,834,351	83,351,506	87,856,546	83,489,958	107,272,573
Receivables, deposits and prepayments	7.3.4(i)	7,086,846	8,380,808	17,346,061	15,053,026	13,949,142
Cash and cash equivalents		3,541,902	672,800	13,371,846	2,702,424	1,307,020
Total current assets		74,463,099	92,405,114	118,574,453	175,214,082	158,261,824
Total assets		89,685,681	109,404,773	135,508,079	205,829,945	229,726,864

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.1 BALANCE SHEETS (Cont'd)**

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Equity						
Share capital	7.3.4(j)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Retained earnings		1,356,109	13,724,255	37,813,040	54,634,106	64,160,504
Total equity		4,356,109	16,724,255	40,813,040	57,634,106	67,160,504
Liabilities						
Borrowings	7.3.4(k)	20,134,696	24,632,569	7,733,958	20,136,938	62,199,836
Deferred tax liability	7.3.4(l)	75,533	124,560	140,882	495,694	1,330,000
Long term payables	7.3.4(m)	12,000,000	-	-	-	-
Total non-current liabilities		32,210,229	24,757,129	7,874,840	20,632,632	63,529,836
Payables and accruals	7.3.4(m)	40,209,847	52,883,577	50,184,773	105,917,369	76,752,372
Borrowings	7.3.4(k)	12,254,612	13,208,452	32,897,265	19,865,546	21,586,152
Taxation		654,884	1,831,360	3,738,161	1,780,292	698,000
Total current liabilities		53,119,343	67,923,389	86,820,199	127,563,207	99,036,524
Total liabilities		85,329,572	92,680,518	94,695,039	148,195,839	162,566,360
Total equity and liabilities		89,685,681	109,404,773	135,508,079	205,829,945	229,726,864
Number of ordinary shares		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Net tangible assets per ordinary share (RM)		1.45	5.57	13.60	19.21	22.39

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.2 STATEMENTS OF CHANGES IN EQUITY**

	Share capital	(Accumulated losses)/Retained earnings	Total
	RM'000	RM'000	RM'000
At 1 January 2005	1,000	(670)	330
Issue of shares	2,000	-	2,000
Profit for the year	-	2,026	2,026
At 31 December 2005	3,000	1,356	4,356
Profit for the year	-	12,368	12,368
At 31 December 2006	3,000	13,724	16,724
Profit for the year	-	24,089	24,089
At 31 December 2007	3,000	37,813	40,813
Profit for the year	-	16,821	16,821
At 31 December 2008	3,000	54,634	57,634
Profit for the year	-	9,526	9,526
At 31 December 2009	3,000	64,160	67,160

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.3 CASH FLOW STATEMENTS**

	Year ended 31 December				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Net cash (used in)/from operating activities	(18,506)	(5,592)	10,719	4,292	(34,446)
Net cash used in investing activities	(14,944)	(2,048)	(154)	(8,551)	(7,763)
Net cash from/(used in) financing activities	33,797	5,035	2,263	(3,803)	38,677
Net increase/(decrease) in cash and cash equivalents	347	(2,605)	12,828	(8,062)	(3,532)
Cash and cash equivalents at beginning of year	194	541	(2,064)	10,764	2,702
Cash and cash equivalents at end of year	541	(2,064)	10,764	2,702	(830)

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

	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Cash and bank balances	3,542	672	13,371	2,702	1,307
Bank overdrafts	(3,001)	(2,736)	(2,607)	-	(2,137)
	541	(2,064)	10,764	2,702	(830)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS****(a) REVENUE**

Revenue comprises :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property development revenue	11,690,610	40,790,329	89,858,270	123,756,149	52,473,847
Sales of development properties	-	-	-	-	6,363,919
Revenue from upgrading packages	-	-	-	-	1,977,194
	<u>11,690,610</u>	<u>40,790,329</u>	<u>89,858,270</u>	<u>123,756,149</u>	<u>60,814,960</u>

(b) COST OF SALES

Cost of sales comprise :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property development expenses	6,219,231	19,195,093	51,016,780	94,703,439	34,734,056
Cost of development properties	-	-	-	-	4,324,942
Cost of upgrading packages	-	-	-	-	1,269,772
Cost overprovided in prior year	-	-	-	-	(2,615,230)
	<u>6,219,231</u>	<u>19,195,093</u>	<u>51,016,780</u>	<u>94,703,439</u>	<u>37,713,540</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) OPERATING PROFIT**

Operating profit is arrived at after charging:

	2005	2006	2007	2008	2009
	RM	RM	RM	RM	RM
Auditors' remuneration					
- current year	8,000	8,000	15,000	15,000	15,000
- prior year	(150)	-	7,000	-	-
- other services	-	-	-	30,000	15,000
Depreciation of property, plant and equipment (Note 7.3.4.(e))	147,375	283,061	341,518	565,923	1,569,763
Directors' emoluments					
- fees	50,000	50,000	140,000	147,500	60,000
- others	101,640	105,640	215,520	225,600	201,600
Loss on disposal of property, plant and equipment	-	-	1,817	-	-
Rental expense	114,362	133,670	334,405	163,941	138,263
Hire purchase interest	-	-	3,381	44,055	498,946
Overdraft interest	74,681	163,664	238,768	203,925	165,620
Term loan interest	-	517,393	327,121	213,892	1,069,869
Plant and equipment written off	-	658	-	56,570	2,019
and after crediting :					
Interest income	23,276	13,175	37,178	433,581	313,902
Rental income	68,600	107,800	109,200	174,100	542,713

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) TAX EXPENSE**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current tax expense					
- Current year	654,884	4,900,000	9,006,801	5,673,575	2,498,000
- Prior year	-	(5,014)	(31,297)	18,128	(19,500)
	654,884	4,894,986	8,975,504	5,691,703	2,478,506
Deferred tax expense					
- Origination of temporary differences	75,533	49,027	16,322	358,071	829,315
- Prior year	-	-	-	(3,259)	4,991
	75,533	49,027	16,322	354,812	834,306
	730,417	4,944,013	8,991,826	6,046,515	3,312,806

Reconciliation of effective tax expense:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Profit before tax	2,756,601	17,312,159	33,080,611	22,867,581	12,839,204
Income tax using Malaysian tax rate	771,848	4,847,404	8,931,765	5,945,571	3,209,801
Non-deductible expenses	120,037	101,623	87,574	97,346	117,073
Tax exempt income	-	-	-	-	-
Effect of changes in tax rates	-	-	-	(5,293)	-
Deferred tax assets previously not recognised	(161,468)	-	-	-	-
Others	-	-	3,784	(5,978)	441
	730,417	4,949,027	9,023,123	6,031,646	3,327,315
(Over)/ Under provision in prior year	-	(5,014)	(31,297)	14,869	(14,509)
Tax expense	730,417	4,944,013	8,991,826	6,046,515	3,312,806

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) TAX EXPENSE (Cont'd)**

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank approximately RM32,362,000 of its retained earnings at 31 December 2009 if paid out as dividends.

(e) PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
<i>Cost</i>							
At 1 January 2005	-	36,009	172,835	-	-	205,718	414,562
Additions	13,236,641	116,564	701,234	-	-	912,789	14,967,228
At 31 December 2005	13,236,641	152,573	874,069	-	-	1,118,507	15,381,790
<i>Depreciation</i>							
At 1 January 2005	-	2,230	4,052	-	-	5,551	11,833
Charge for the year	-	11,663	58,092	-	-	77,620	147,375
At 31 December 2005	-	13,893	62,144	-	-	83,171	159,208
<i>Carrying amount</i>							
At 31 December 2005	13,236,641	138,680	811,925	-	-	1,035,336	15,222,582

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.3 IGSB (Cont'd)

7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold land RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
<i>Cost</i>							
At 1 January 2006	13,236,641	152,573	874,069	-	-	1,118,507	15,381,790
Additions	1,026,262	257,244	120,009	9,600	105,627	542,054	2,060,796
Write off	-	(688)	-	-	-	-	(688)
At 31 December 2006	14,262,903	409,129	994,078	9,600	105,627	1,660,561	17,441,898
<i>Depreciation</i>							
At 1 January 2006	-	13,893	62,144	-	-	83,171	159,208
Charge for the year	-	28,192	94,619	320	880	159,050	283,061
Write off	-	(30)	-	-	-	-	(30)
At 31 December 2006	-	42,055	156,763	320	880	242,221	442,239
<i>Carrying amount</i>							
At 31 December 2006	14,262,903	367,074	837,315	9,280	104,747	1,418,340	16,999,659

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.3 IGSB (Cont'd)

7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

<i>Cost</i>	Freehold land RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January 2007	14,262,903	409,129	994,078	9,600	105,627	1,660,561	17,441,898
Additions	-	48,157	67,415	-	-	161,830	277,402
Disposals	-	(2,305)	-	-	-	-	(2,305)
At 31 December 2007	14,262,903	454,981	1,061,493	9,600	105,627	1,822,391	17,716,995
<i>Depreciation</i>							
At 1 January 2007	-	42,055	156,763	320	880	242,221	442,239
Charge for the year	-	42,995	102,917	960	21,125	173,521	341,518
Disposals	-	(388)	-	-	-	-	(388)
At 31 December 2007	-	84,662	259,680	1,280	22,005	415,742	783,369
<i>Carrying amount</i>							
At 31 December 2007	14,262,903	370,319	801,813	8,320	83,622	1,406,649	16,933,626

11. ACCOUNTANTS' REPORT (Cont'd)
7. AUDITED FINANCIAL STATEMENTS (Cont'd)
7.3 IGSB (Cont'd)
7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)
(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

<i>Cost</i>	Freehold land RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January 2008	14,262,903	454,981	1,061,493	9,600	105,627	1,822,391	17,716,995
Additions	3,650,000	83,187	171,198	9,450,000	47,150	903,195	14,304,730
Write off	-	(4,253)	(2,970)	-	-	(71,769)	(78,992)
At 31 December 2008	17,912,903	533,915	1,229,721	9,459,600	152,777	2,653,817	31,942,733
<i>Depreciation</i>							
At 1 January 2008	-	84,662	259,680	1,280	22,005	415,742	783,369
Charge for the year	-	51,484	116,273	119,085	29,770	249,311	565,923
Write off	-	(1,049)	-	-	-	(21,373)	(22,422)
At 31 December 2008	-	135,097	375,953	120,365	51,775	643,680	1,326,870
<i>Carrying amount</i>							
At 31 December 2008	17,912,903	398,818	853,768	9,339,235	101,002	2,010,137	30,615,863

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

<i>Cost</i>	Freehold land RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January 2009	17,912,903	533,915	1,229,721	9,459,600	152,777	2,653,817	31,942,733
Additions	103,071	419,000	17,380	1,774,159	-	151,159	2,464,769
Write off	-	(1,410)	-	-	-	(2,000)	(3,410)
At 31 December 2009	18,015,974	951,505	1,247,101	11,233,759	152,777	2,802,976	34,404,092

<i>Depreciation</i>							
At 1 January 2009	-	135,097	375,953	120,365	51,775	643,680	1,326,870
Charge for the year	-	73,702	123,924	1,064,022	30,555	277,560	1,569,763
Write off	-	(699)	-	-	-	(692)	(1,391)
At 31 December 2009	-	208,100	499,877	1,184,387	82,330	920,548	2,895,242

Carrying amount

At 31 December 2009	18,015,974	743,405	747,224	10,049,372	70,447	1,882,428	31,508,850
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The freehold land of the Company is charged to a licensed bank as securities for banking facilities granted to the Company.

Included in property, plant and equipment of the Company as at 31 December 2009 are motor vehicles and plant and equipment with carrying amount of RM8,969,703 acquired under finance lease arrangements.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) INVESTMENT PROPERTIES**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Cost					
At 1 January	-	-	-	-	-
Effect of adopting FRS 140	-	-	-	-	-
Restated balance	-	-	-	-	-
Reclassified from inventories	-	-	-	-	33,166,053
Additions	-	-	-	-	6,847,197
Disposals	-	-	-	-	-
At 31 December	-	-	-	-	40,013,250
Depreciation					
At 1 January	-	-	-	-	-
Depreciation for the year	-	-	-	-	57,060
Disposals	-	-	-	-	-
At 31 December	-	-	-	-	57,060
Carrying amount					
At 1 January	-	-	-	-	-
Effect of adopting FRS 140	-	-	-	-	-
Restated balance	-	-	-	-	-
At 31 December	-	-	-	-	39,956,190
Fair Value					
At 31 December	-	-	-	-	45,000,000

Investment properties with carrying amount of RM36,464,436 as at 31 December 2009 are charged to a licensed bank as securities for banking facilities granted to the Company.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(g) INVENTORIES**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Completed development properties, at cost					
At 1 January	-	-	-	-	73,968,674
Reversal of cost overcapitalised in prior year	-	-	-	-	(744,770)
Transfer from property development costs (Note 7.3.4(g))	-	-	-	73,968,674	-
Transfer to investment properties	-	-	-	-	(33,166,053)
Cost charged to income statement	-	-	-	-	(4,324,942)
	-	-	-	73,968,674	35,732,909

Certain completed development properties of the Group are charged to banks and third parties as follows :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Banks as security for finance lease facility granted to the Company	-	-	-	3,575,137	3,575,137

(h) PROPERTY DEVELOPMENT COSTS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
<i>At 1 January</i>					
Land	2,200,000	57,633,526	59,526,940	61,028,147	36,513,209
Development costs	266,211	12,420,056	49,238,890	103,259,503	70,254,156
Accumulated costs charged to income statement	-	(6,219,231)	(25,414,324)	(76,431,104)	(23,277,407)
	2,466,211	63,834,351	83,351,506	87,856,546	83,489,958

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(h) PROPERTY DEVELOPMENT COSTS (Cont'd)**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Add : Land	55,433,526	1,893,414	1,501,207	599,792	1,381,130
Development costs incurred during the year	12,153,845	36,818,834	54,020,613	163,705,733	57,135,541
Less : Cost charged to income statement	(6,219,231)	(19,195,093)	(51,016,780)	(94,703,439)	(34,734,056)
Transfer to inventories (Note 7.3.4(f))	-	-	-	(73,968,674)	-
<hr/>					
At 31 December					
Land	57,633,526	59,526,940	61,028,147	36,513,209	37,894,339
Development costs	12,420,056	49,238,890	103,259,503	70,254,156	127,389,697
Accumulated costs charged to income statement	(6,219,231)	(25,414,324)	(76,431,104)	(23,277,407)	(58,011,463)
	<u>63,834,351</u>	<u>83,351,506</u>	<u>87,856,546</u>	<u>83,489,958</u>	<u>107,272,573</u>

- (i) Included in property development costs incurred during the year of the Group are the following :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Interest expense	602,979	2,311,450	2,791,941	2,743,643	3,975,665

- (ii) The above land is charged to a licensed bank as securities for banking facilities granted to the Company.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(i) RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Trade receivables	6,999,813	2,878,877	8,970,473	8,171,900	5,786,114
Other receivables					
- Amount due from holding company	-	5,360,456	7,391,257	6,342,183	6,827,759
- Amount due from companies in which certain Directors have substantial financial interests	-	-	173,831	280,770	566,069
- Other receivables	87,033	141,475	7,450	35,687	761
- Deposits	-	-	758,600	200,235	727,600
- Prepayments	-	-	44,450	22,251	40,839
	87,033	5,501,931	8,375,588	6,881,126	8,163,028
	<u>7,086,846</u>	<u>8,380,808</u>	<u>17,346,061</u>	<u>15,053,026</u>	<u>13,949,142</u>

The holding company is Ivory Associates Sdn. Bhd., a company incorporated in Malaysia. The non-trade amounts due from holding company and companies in which certain Directors have substantial financial interests are unsecured, interest-free and repayable on demand.

(j) SHARE CAPITAL

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Ordinary shares of RM1 each					
Authorised :					
Balance at 1 January	1,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Increased during the year	4,000,000	-	-	-	-
Balance at 31 December	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(j) SHARE CAPITAL (Cont'd)**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Issued and fully paid :					
Balance at 1 January	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Issued at par, for cash	2,000,000	-	-	-	-
Balance at 31 December	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000

(k) BORROWINGS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current					
Bank overdrafts	3,001,375	2,736,377	2,607,254	-	2,137,069
Term loans	9,253,237	10,472,075	30,261,476	18,961,975	17,901,452
Hire purchase obligations	-	-	28,535	903,571	1,547,631
	12,254,612	13,208,452	32,897,265	19,865,546	21,586,152
Non-current					
Term loans	20,134,696	24,632,569	7,701,229	15,868,401	58,211,927
Hire purchase obligations	-	-	32,729	4,268,537	3,987,909
	20,134,696	24,632,569	7,733,958	20,136,938	62,199,836

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(k) BORROWINGS (Cont'd)*****Term loans***

Term loans are repayable as follows :

Group	Total RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
At 31 December 2005	29,387,933	9,253,237	10,093,334	10,041,362
At 31 December 2006	35,104,644	10,472,075	17,006,742	7,625,827
At 31 December 2007	37,962,705	30,261,476	7,701,229	-
At 31 December 2008	34,830,376	18,961,975	14,635,005	1,233,396
At 31 December 2009	76,113,379	17,901,452	56,299,179	1,912,748

Securities**Term loans**

The Company's borrowings are secured by way of :

- i) first party legal charge over the Company's freehold land, development land, investment properties and inventories;
- ii) a debenture incorporating fixed and floating charge over the Company's present and future assets;
- iii) corporate guarantee by the holding company; and
- iv) joint and several guarantees by certain Directors of the Company and a former Director of the Company.

Finance lease liabilities

The Company's finance lease facilities are secured by way of :

- i) first party legal charge over one unit of the Company's completed development properties with carrying amount of RM3,537,195
- ii) joint and several guarantees by certain Directors of the Company and a former Director of the Company; and
- iii) corporate guarantee by the holding company.

Finance lease liabilities are effectively secured as the rights to the assets under finance lease revert to the lessor in the event of default.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(k) BORROWINGS (Cont'd)**Hire purchase obligations

The hire purchase obligations are payable as follows :

	← 2007 →	← 2008 →		← 2008 →	← 2008 →	← 2008 →
	Payments RM	Interest RM	Principal RM	Payments RM	Interest RM	Principal RM
Less than 1 year	31,164	2,629	28,535	1,347,854	444,283	903,571
Between 1 and 5 years	33,751	1,022	32,729	5,047,350	778,813	4,268,537
	64,915	3,651	61,264	6,395,204	1,223,096	5,172,108

	← 2009 →	← 2009 →	← 2009 →
	Payments RM	Interest RM	Principal RM
Less than 1 year	1,948,256	400,625	1,547,631
Between 1 and 5 years	4,451,484	463,575	3,987,909
	6,399,740	864,200	5,535,540

(l) DEFERRED TAX LIABILITY

The recognised deferred tax liability is as follows :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property, plant and equipment- capital allowances	75,533	124,560	140,882	495,694	1,330,000

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(m) PAYABLES AND ACCRUALS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current					
Trade payables					
Progress billings	13,803,268	26,931,502	34,063,050	43,006,046	30,798,826
Amount due to holding company	4,206,497	5,810,274	7,099,078	38,888,830	28,869,060
	18,009,765	32,741,776	41,162,128	81,894,876	59,667,886
Other payables					
Amount due to holding company	3,794,819	-	-	-	-
Amount due to a Director	4,295,000	4,295,000	2,417,101	6,007,302	4,105,301
Amount due to shareholders	1,540,000	1,640,000	2,405,000	2,405,000	2,159,000
Amount due to companies in which certain Directors have substantial financial interests	-	-	78,136	1,405,678	12,811
Reservation fees received	2,328,414	-	-	-	-
Other payables	10,068,531	12,093,637	425,591	3,050,427	3,041,620
Accruals	173,318	2,113,164	3,696,817	11,154,086	7,765,754
	22,200,082	20,141,801	9,022,645	24,022,493	17,084,486
	40,209,847	52,883,577	50,184,773	105,917,369	76,752,372
Non-current					
Other payables	12,000,000	-	-	-	-

The amounts due to a Director, shareholders and companies in which certain Directors have substantial financial interests are unsecured, interest-free and repayable on demand.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(n) RELATED PARTY TRANSACTIONS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Holding company					
Rental income	-	21,600	21,600	37,770	74,325
Main contractor fees payable	8,214,724	29,799,934	47,259,568	143,578,525	53,142,347
Upgrading packages payable	-	-	-	-	61,900
Transactions with companies in which certain Directors have substantial financial interests					
Rental income	-	-	87,600	136,330	192,805
Security service charges payable	-	-	107,602	119,137	148,209
Consultant's fees payable	-	-	876,850	3,619,309	1,138,412
Cleaning charges payable	-	-	-	-	13,795
Transactions with Directors					
Progress billings receivable from Directors	-	-	2,005,255	1,694,656	451,695

The terms and conditions for the above transactions are based on normal trade terms.

(o) CAPITAL COMMITMENT

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property, plant and equipment					
Contracted but not provided for	-	-	2,920,000	1,710,005	86,900

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(p) FINANCIAL INSTRUMENTS**

Exposure to credit and interest rate risk arises in the normal course of the Company's business. The Company's risk management is basically guided and monitored by the Board of Directors of the Company as summarised below :

Credit risk

The Company has no significant concentrations of credit risk. Credit risks are minimised through the close monitoring by the Directors. The maximum exposures to credit risk are represented by the carrying amount of each financial assets.

Interest rate risk

The Company's primary interest rate risk is related to debt obligations, which is mainly confined to long term bank borrowings.

Bank borrowings is on floating rate terms. The interest rates are negotiated in order to ensure that the Company benefits from the lowest possible financing costs.

Effective interest rates and repricing analysis

In respect of interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM
2009				
<i>Financial liabilities</i>				
Bank overdraft	7.30	2,137,069	2,137,069	-
Term loans	7.04	76,113,379	76,113,379	-
Finance lease liabilities	4.52	5,535,540	1,547,631	3,987,909
2008				
<i>Financial liabilities</i>				
Term loans	2.50 - 8.25	34,830,376	34,830,376	-
Finance lease liabilities	2.90 - 4.75	5,172,108	903,571	4,268,537

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.3 IGSB (Cont'd)****7.3.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(p) FINANCIAL INSTRUMENTS (Cont'd)**

	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM
2007				
<i>Financial liabilities</i>				
Bank overdraft	8.50	2,607,254	2,607,254	-
Term loans	8.25 – 8.50	37,962,705	37,962,705	-
Finance lease liabilities	2.90	61,264	28,535	32,729
2006				
<i>Financial liabilities</i>				
Bank overdraft	7.75	2,736,377	2,736,377	-
Term loans	7.50 - 7.75	35,104,644	35,104,644	-
2005				
<i>Financial liabilities</i>				
Bank overdraft	7.75	3,001,375	3,001,375	-
Term loans	7.50 - 7.75	29,387,933	29,387,933	-

Fair values (Cont'd)

The carrying amounts approximate fair values due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, receivables, payables and short term borrowings.

The carrying amount of finance lease liabilities approximate its fair value as there is no significant difference between the historical interest rate at the point when liability was undertaken and the current prevailing market interest rate.

There were no unrecognised financial instruments at balance sheet date.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB**

We set out below the income statement of IMSB for the financial years ended 31 December 2005 to 2009.

	Note	Year ended 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Revenue	7.4.4 (a)	-	-	5,580,987	24,257,689	41,299,509
Cost of sales	7.4.4 (b)	-	-	(2,776,348)	(14,601,648)	(26,407,713)
Gross profit		-	-	2,804,639	9,656,041	14,891,796
Distribution costs		(5,810)	(8,952)	(386,378)	(325,109)	(115,542)
Administrative expenses		(4,660)	(11,752)	(39,602)	(34,725)	(57,587)
Other operating expenses		(53,502)	(186,760)	(535,468)	(392,467)	(533,726)
Other operating income		825	4,071	37,658	22,526	622,163
Operating (loss)/profit	7.4.4 (c)	(63,147)	(203,393)	1,880,849	8,926,266	14,807,104
Finance costs	7.4.4 (d)	(359)	(317)	(118,426)	(169,911)	(148,926)
(Loss)/Profit before tax		(63,506)	(203,710)	1,762,423	8,756,355	14,658,178
Tax expense	7.4.4 (e)	-	-	(306,280)	(2,248,748)	(3,675,555)
(Loss)/Profit for the year		(63,506)	(203,710)	1,456,143	6,507,607	10,982,623
Net dividend per ordinary share (sen)		-	-	-	-	-
Number of shares in issue during the year		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
(Loss)/Earnings per share (RM)						
- Gross		(0.06)	(0.20)	1.76	8.76	14.66
- Net		(0.06)	(0.20)	1.46	6.51	10.98

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)**

Note	Year ended 31 December				
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Gross profit margin (%)	-	-	50.25	39.81	36.06
PBT margin (%)	-	-	31.58	36.10	35.49
PAT margin (%)	-	-	26.09	26.83	26.59
Debtors' turnover period (months)	-	-	-	0.65	1.43
Creditors' turnover period (months)	-	-	0.06	0.14	-

7.4.1 BALANCE SHEETS

We set out below the balance sheets of IMSB as at 31 December 2005 to 2009.

Note	As at 31 December					
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	
Assets						
Property, plant and equipment	7.4.4 (f)	47,118	40,840	59,544	49,294	38,410
Total non-current assets		47,118	40,840	59,544	49,294	38,410
Property development cost	7.4.4 (g)	1,148,380	4,516,774	3,286,513	8,763,390	21,286,398
Trade receivables		-	-	-	1,318,596	4,929,434
Other receivable, deposits and prepayment	7.4.4 (h)	3,055,696	3,059,496	4,133,828	4,083,022	4,057,955
Accrued billings	7.4.4 (i)	-	-	-	13,789,386	8,462,617
Cash and bank balances		205,164	212,830	1,099,228	690,157	4,149,533
Total current assets		4,409,240	7,789,100	8,519,569	28,644,551	42,885,937
Total assets		4,456,358	7,829,940	8,579,113	28,693,845	42,924,347

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.1 BALANCE SHEETS (Cont'd)**

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Equity						
Share capital	7.4.4 (j)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserves		(463,741)	(667,451)	788,692	7,296,299	18,278,922
Total equity		536,259	332,549	1,788,692	8,296,299	19,278,922
Liabilities						
Deferred taxation	7.4.4 (k)	-	-	6,259	6,371	5,835
Borrowings	7.4.4 (l)	-	-	-	2,532,429	-
Total non-current liabilities		-	-	6,259	2,538,800	5,835
Trade payables	7.4.4(m)	-	3,105,111	14,883	167,186	416
Progress billings		-	-	500,993	-	-
Other payables and accruals	7.4.4 (n)	775,769	1,137,950	1,193,860	5,887,008	16,878,189
Amounts owing to Directors		3,144,330	3,254,330	3,035,945	4,384,592	2,443,813
Taxation		-	-	24,021	1,064,480	1,643,133
Borrowings	7.4.4(l)	-	-	2,014,460	6,355,480	2,674,039
Total current liabilities		3,920,099	7,497,391	6,784,162	17,858,746	23,639,590
Total liabilities		3,920,099	7,497,391	6,790,421	20,397,546	23,645,425
Total equity and liabilities		4,456,358	7,829,940	8,579,113	28,693,845	42,924,347
Number of ordinary shares		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Net tangible assets per ordinary share (RM)		0.54	0.33	1.79	8.30	19.28

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.2 STATEMENTS OF CHANGES IN EQUITY**

	Share capital RM'000	(Accumulated loss) /Retained earnings RM'000	Total RM'000
At 1 January 2005	1,000	(400)	600
Loss for the year	-	(64)	(64)
At 31 December 2005	1,000	(464)	536
Loss for the year	-	(204)	(204)
At 31 December 2006	1,000	(668)	332
Profit for the year	-	1,456	1,456
At 31 December 2007	1,000	788	1,788
Profit for the year	-	6,508	6,508
At 31 December 2008	1,000	7,296	8,296
Profit for the year	-	10,983	10,983
At 31 December 2009	1,000	18,279	19,279

7.4.3 CASH FLOW STATEMENTS

	Year ended 31 December				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Net cash from/(used in) operating activities	14	8	(1,101)	(7,283)	10,704
Net cash used in investing activity	(25)	-	(27)	-	-
Net cash from /(used in) financing activity	-	-	-	6,874	(6,717)
Net (decrease) /increase in cash and cash equivalents	(11)	8	(1,128)	(409)	3,987

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.3 CASH FLOW STATEMENTS (Cont'd)**

	Year ended 31 December				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Cash and cash equivalents at beginning of year	216	205	213	(915)	(1,324)
Cash and cash equivalents at end of year	205	213	(915)	(1,324)	2,663

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

	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Cash and bank balances	205	213	1,099	690	4,150
Bank overdrafts	-	-	(2,014)	(2,014)	(1,487)
	205	213	(915)	(1,324)	2,663

7.4.4 NOTES TO FINANCIAL STATEMENTS**(a) REVENUE**

Revenue comprises :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property development revenue	-	-	5,580,987	24,257,689	41,299,509

(b) COST OF SALES

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property development expenses	-	-	(2,776,348)	(14,601,648)	(26,407,713)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) OPERATING (LOSS) /PROFIT**

Operating (loss)/ profit is arrived at after charging:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Auditors' remuneration					
- current year	2,000	2,000	2,000	3,200	5,000
- prior year	-	(840)	-	2,000	2,300
Depreciation of property, plant and equipment (Note 7.4.4.(e))	5,498	6,278	8,349	10,250	10,884
Directors' emoluments					
- fees	-	-	66,500	35,000	-
- others	-	134,998	196,717	198,957	223,597
Rental expense	-	5,545	-	10,294	22,529
Overdraft interest	-	-	118,426	169,911	148,926
Other interest	359	317	-	-	-
Staff cost	-	27,617	83,546	56,200	69,626
and after crediting :					
Interest income	825	4,071	8,611	13,494	142,929

(d) FINANCE COST

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Interest expense	130	-	118,426	169,911	148,926
Bank charges	229	317	-	-	-
	359	317	118,426	169,911	148,926

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) TAX EXPENSE**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current tax expense					
- Current year	-	-	300,021	2,248,480	3,674,039
- Prior year	-	-	-	156	2,052
			300,021	2,248,636	3,676,091
Deferred tax expense					
- Origination of temporary differences	-	-	6,259	112	(536)
- Prior year	-	-	-	-	-
			6,259	112	(536)
	-	-	306,280	2,248,748	3,675,555

Reconciliation of effective tax expense:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
(Loss)/Profit before tax	(63,506)	(203,710)	1,762,423	8,756,355	14,658,178
Income tax using Malaysian tax rate	(12,701)	(40,742)	443,946	2,246,652	3,639,544
Non-deductible expenses	5,096	1,449	24,879	2,172	34,204
Effect of changes in tax rates	-	-	-	(232)	(245)
Deferred tax assets previously not recognised:					
- current year	7,605	39,293	-	-	-
- previous year	-	-	(162,545)	-	-
	-	-	305,280	2,248,592	3,673,503
Under provision in prior year	-	-	-	156	2,052
Tax expense	-	-	306,280	2,248,748	3,675,555

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank approximately RM276,000 to frank the payment of net dividends amounting to RM828,000 out of its retained earnings as at balance sheet date.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) PROPERTY, PLANT AND EQUIPMENT**

	Electrical Installation RM	Furniture, Fittings and Equipment RM	Renovation RM	Total RM
<i>Cost</i>				
At 1 January 2005	12,835	24,400	-	37,235
Additions	2,560	21,718	1,272	25,550
At 31 December 2005	15,395	46,118	1,272	62,785
<i>Depreciation</i>				
At 1 January 2005	654	10,010	495	10,169
Charge for the year	1,523	3,353	622	5,498
At 31 December 2005	2,177	13,363	1,117	15,667
<i>Carrying amount</i>				
At 31 December 2005	13,218	32,755	155	47,118

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Electrical Installation RM	Furniture, Fittings and Equipment RM	Renovation RM	Total RM
<i>Cost</i>				
At 1 January 2006	15,395	46,118	1,272	62,785
Additions	-	-	-	-
At 31 December 2006	<u>15,395</u>	<u>46,118</u>	<u>1,272</u>	<u>62,785</u>
<i>Depreciation</i>				
At 1 January 2006	2,177	13,363	127	15,667
Charge for the year	1,539	4,612	127	6,278
At 31 December 2006	<u>3,716</u>	<u>17,975</u>	<u>254</u>	<u>21,945</u>
<i>Carrying amount</i>				
At 31 December 2006	<u>11,679</u>	<u>28,143</u>	<u>1,018</u>	<u>40,840</u>


11. ACCOUNTANTS' REPORT (Cont'd)
7. AUDITED FINANCIAL STATEMENTS (Cont'd)
7.4 IMSB (Cont'd)
7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)
(f) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

<i>Cost</i>	Electrical Installation RM	Furniture, Fittings and Equipment RM	Renovation RM	Computer hardware RM	Computer software RM	Motor Vehicle RM	Office Equipment RM	Total RM
At 1 January 2007	15,395	46,118	1,272	-	-	-	-	62,785
Additions	-	-	-	5,808	545	19,000	1,700	27,053
At 31 December 2007	15,395	46,118	1,272	5,808	545	19,000	1,700	89,838
<i>Depreciation</i>								
At 1 January 2007	3,716	17,975	254	-	-	-	-	21,945
Charge for the year	1,539	4,612	127	450	48	1,425	148	8,349
At 31 December 2007	5,255	22,587	381	450	48	1,425	148	30,294
<i>Carrying amount</i>								
At 31 December 2007	10,140	23,531	891	5,358	497	17,575	1,552	59,544

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.4 IMSB (Cont'd)

7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(f) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

<i>Cost</i>	Electrical	Furniture,	Renovation	Computer	Motor Vehicle	Office	Total
	Installation	Fittings and	RM	hardware	RM	Equipment	
	RM	Equipment	RM	RM	RM	RM	RM
At 1 January 2008	15,395	46,118	1,272	5,808	19,000	1,700	89,838
Additions	-	-	-	-	-	-	-
At 31 December 2008	15,395	46,118	1,272	5,808	19,000	1,700	89,838
<i>Depreciation</i>							
At 1 January 2008	5,255	22,587	381	450	1,425	148	30,294
Charge for the year	1,539	4,612	127	581	3,166	170	10,250
At 31 December 2008	6,794	27,199	508	1,031	4,591	318	40,544
<i>Carrying amount</i>							
At 31 December 2008	8,601	18,919	764	4,777	14,409	1,382	49,294

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.4 IMSB (Cont'd)

7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(f) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Electrical Installation RM	Furniture, Fittings and Equipment RM	Renovation RM	Computer hardware RM	Computer software RM	Motor Vehicle RM	Office Equipment RM	Total RM
<i>Cost</i>								
At 1 January 2009	15,395	46,118	1,272	5,808	545	19,000	1,700	89,838
Additions	-	-	-	-	-	-	-	-
At 31 December 2009	15,395	46,118	1,272	5,808	545	19,000	1,700	89,838
<i>Depreciation</i>								
At 1 January 2009	6,794	27,199	508	1,031	103	4,591	318	40,544
Charge for the year	1,539	4,612	127	581	55	3,800	170	10,884
At 31 December 2009	8,333	31,811	635	1,612	158	8,391	488	51,428
<i>Carrying amount</i>								
At 31 December 2009	7,062	14,307	637	4,196	387	10,609	1,212	38,410

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(g) PROPERTY DEVELOPMENT COSTS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Development expenditure					
At 1 January	894,102	1,148,380	4,516,774	6,062,861	26,141,386
Addition	254,278	3,368,394	1,546,087	20,078,525	38,930,721
At 31 December	1,148,380	4,516,774	6,062,861	26,141,386	65,072,107
Less: Attributable cost					
At 1 January	-	-	-	(2,776,348)	(17,377,996)
Attributable cost during the year	-	-	(2,776,348)	(14,601,648)	(26,407,713)
At 31 December	-	-	(2,776,348)	(17,377,996)	(43,785,709)
	1,148,380	4,516,774	3,286,513	8,763,390	21,286,398

Property development cost represents expenditure incurred in respect of joint venture agreement entered into between the Company and the joint venture partner to develop commercial and residential properties in accordance with the approved scheme on land belonging to joint venture partner.

The development costs for the project is to be borne by the Company in return for 80% of the proceeds of sale of the units and the value of other properties and facilities to be erected on the land. The joint venture partner is entitled to the balance of 20% thereof but subject to a minimum of RM 18,000,000.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(h) OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Other receivables					
- Amount due from related companies	3,491	3,491	1,075,323	1,022,717	1,000,150
- Deposit	52,205	56,005	56,005	57,805	57,805
- Joint Venture Deposit	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
- Others	-	-	2,500	2,500	-
	<u>3,055,696</u>	<u>3,059,496</u>	<u>4,133,828</u>	<u>4,083,022</u>	<u>4,057,955</u>

Related parties are companies in which certain directors have substantial financial interest. The amounts owing by the related parties are unsecured, interest free and have no fixed term of repayment. Deposit of RM3,000,000 is paid to joint venture partner of joint ventured development.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(i) ACCRUED BILLINGS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Progress Billing	-	-	-	16,049,290	62,675,568
Less: Attributable turnover					
Balance as at 1 January	-	-	-	5,580,987	29,838,676
Attributable turnover during the year	-	-	-	24,257,689	41,299,509
Balance as at 31 December	-	-	-	29,838,676	71,138,185
	-	-	-	(13,789,386)	(8,462,617)

(j) SHARE CAPITAL

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Ordinary shares of RM1 each					
Authorised :					
Balance at 31 December	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid :					
Balance at 31 December	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(k) DEFERRED TAXATION**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Balance brought forward	-	-	-	6,259	6,371
Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences	-	-	6,259	344	(291)
Effect on opening deferred tax resulting from reduction in income tax rate	-	-	-	(232)	(245)
Balance carried forward	1,000,000	1,000,000	6,259	6,371	5,835
Tax effect of temporary differences arising from:-					
Cumulative temporary differences between capital allowances and depreciation	2,261	2,290	6,259	6,371	5,835
Unutilised capital allowances	(4,794)	(5,974)	-	-	-
Unabsorbed business losses	(76,257)	(114,399)	-	-	-
	(78,790)	(118,083)	6,259	6,371	5,835

(l) BORROWINGS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current					
Bank overdrafts	-	-	2,014,460	2,014,172	1,486,620
Bridging loan	-	-	-	4,341,308	156,513
	-	-	2,014,460	6,355,480	1,643,133
Non-current					
Bridging loan	-	-	-	2,532,429	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(l) BORROWINGS (Cont'd)***Securities*

The above borrowings were secured by way of:

- i) Third party first legal charge over 2 parcels of land belonging to the joint venture partner;
- ii) Debenture carrying a fixed and floating charge over all the present and future assets of the Company; and
- iii) Jointly and severally guaranteed by certain Directors of the Company.

(m) TRADE PAYABLES

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Amount owing to related parties	-	3,098,103	14,883	167,186	416
Others	-	7,008	-	-	-
	-	3,105,111	14,883	167,186	416

(n) OTHER PAYABLES AND ACCRUALS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Amount due to shareholders	472,829	472,829	472,829	472,829	472,829
Amount due to related parties	123,639	483,164	442,304	4,606,086	9,036,530
Accruals	-	-	113,614	101,485	38,871
Reservation fee	162,663	162,663	20,000	562,643	-
Others	16,638	19,294	145,113	143,965	7,329,959
	775,769	1,137,950	1,193,860	5,887,008	16,878,189

Related parties are companies in which certain directors have substantial financial interests. The amount owing to related parties and shareholder are interest free, unsecured and have no fixed term of repayment.

Project retention sum payable of RM 3,149,848 as at 31 December 2009 is included in the amounts owing to related parties for construction work on the Company's development project awarded to a related party.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(o) RELATED PARTY TRANSACTIONS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Transactions with company in which certain directors have substantial financial interests					
- Main contractor fees charge	-	-	439,380	19,360,898	36,264,057
- Progress billing claims	-	-	-	2,516,980	3,280,880

(p) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Company are subject to a variety of financial risks, including interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Company has formulated a financial risk management framework whose principal objective is to minimise the Company's exposures to risks and / or costs associated with the financing, investing and operating activities of the Company. Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments are outlined below.

Interest rate risk

The Company's exposures to changes in interest rates relates primarily to the Company's short-term deposits with licensed banks, and financing through bank borrowings. The short-term deposits are placed with licensed financial institutions. The Company does not use derivative financial instruments to hedge its risk.

Financial instruments	Average effective interest rate per annum %	Total carrying amount RM	Fixed interest rate RM	Floating interest rate < 1 year RM
2009				
Cash held under Housing Development Account	2.70	4,127,634	-	-
Cash and bank balances	-	21,899	-	-
Bank borrowings	7.30	1,643,133	-	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.4 IMSB (Cont'd)****7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(p) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)**

Financial instruments	Average effective interest rate per annum %	Total carrying amount RM	Fixed interest rate RM	Floating interest rate < 1 year RM
2008				
Cash held under Housing Development Account	2.60	644,395	-	-
Cash and bank balances	-	45,222	-	-
Bank borrowings	8.50	8,887,909	-	-
2007				
Cash held under Housing Development Account	3.64	404,916	-	-
Cash and bank balances	-	694,312	-	-
Bank borrowings	8.50	2,014,460	-	-
2006				
Cash held under Housing Development Account	2.60	205,439	-	-
Cash and bank balances	-	7,391	-	-
2005				
Cash held under Housing Development Account	2.60	201,325	-	-
Cash and bank balances	-	3,839	-	-

Market risk

The Company's exposure to market risk arises from the state of domestic property markets, fluctuation in prices of building materials and costs of labour supply.

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.4 IMSB (Cont'd)

7.4.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(p) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Credit risk

Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as provided for in the sale 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. The company does not have any significant exposure to any individual customer and counterparty nor does it have any major concentration of credit risk.

Liquidity risk

The Company practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash flow risk

The Company reviews its cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB**

We set out below the income statements of ISSB for the financial years ended 31 December 2005 to 2009.

	Note	Year ended 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Revenue	7.5.4(a)	11,096,522	15,000	-	-	-
Cost of sales	7.5.4(b)	(5,339,213)	(118,412)	(530,921)	(140,580)	-
Gross profit/(loss)		<u>5,757,309</u>	<u>(103,412)</u>	<u>(530,921)</u>	<u>(140,580)</u>	<u>-</u>
General and administrative expenses		(560,357)	(272,138)	(222,335)	(198,420)	(206,276)
Other operating income		147,945	117,754	125,776	79,548	31,208
Profit/ (Loss) before tax	7.5.4(c)	<u>5,344,897</u>	<u>(257,796)</u>	<u>(627,480)</u>	<u>(259,452)</u>	<u>(175,068)</u>
Tax expense	7.5.4(d)	(1,472,044)	22,889	(180,674)	-	-
Profit/(Loss) for the year		<u>3,872,853</u>	<u>(234,907)</u>	<u>(808,154)</u>	<u>(259,452)</u>	<u>(175,068)</u>
Net dividend per ordinary share (sen)		<u>1,041.96</u>	-	-	-	-
Number of shares in issue during the year		1,000,000	1,000,000	1,000,000	1,920,000	1,920,000
Earnings/(Loss) per share (RM)						
- Gross		5.34	(0.26)	(0.63)	(0.14)	(0.09)
- Net		3.87	(0.23)	(0.81)	(0.14)	(0.09)
Gross profit margin (%)		51.88	-	-	-	-
PBT margin (%)		48.17	-	-	-	-
PAT margin (%)		34.90	-	-	-	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)**

	Year ended 31 December				
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Debtors' turnover period (months)	0.01	3.60	-	-	-
Inventories' turnover period (months)	9.46	97.05	21.77	82.20	-

7.5.1 BALANCE SHEETS

We set out below the balance sheets of ISSB as at 31 December 2005 to 2009.

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Assets						
Property, plant and equipment	7.5.4(e)	157,273	3,385,176	774,573	738,712	704,029
Investment properties	7.5.4(f)	-	-	1,989,548	1,859,159	1,820,440
Total non-current assets		<u>157,273</u>	<u>3,385,176</u>	<u>2,764,121</u>	<u>2,597,871</u>	<u>2,524,469</u>
Property development costs	7.5.4(g)	-	5,344,645	5,762,060	6,057,802	6,209,790
Inventories	7.5.4(h)	4,210,883	957,677	963,014	963,014	963,014
Trade receivables		12,750	4,500	-	-	-
Other receivables and deposits	7.5.4(i)	2,065,095	89,827	73,836	244,251	173,416
Fixed deposits with licensed bank		745,879	743,138	743,138	797,461	797,461
Cash and bank balances		653,810	65,329	72,682	87,084	23,613
Total current assets		<u>7,688,417</u>	<u>7,205,116</u>	<u>7,614,730</u>	<u>8,149,612</u>	<u>8,167,294</u>
Total assets		<u>7,845,690</u>	<u>10,590,292</u>	<u>10,378,851</u>	<u>10,747,483</u>	<u>10,691,763</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.1 BALANCE SHEETS (Cont'd)**

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Equity						
Share capital	7.5.4 (j)	1,000,000	1,000,000	1,000,000	1,920,000	1,920,000
Retained earnings		2,993,290	2,758,383	1,950,229	1,690,777	1,515,709
Total equity		3,993,290	3,758,383	2,950,229	3,610,777	3,435,709
Liabilities						
Deferred tax liabilities	7.5.4 (k)	21,832	-	-	-	-
Term loan	7.5.4 (l)	-	-	2,541,180	1,831,808	-
Total non-current liabilities		21,832	-	2,541,180	1,831,808	-
Other payables and accruals	7.5.4 (m)	2,287,456	5,423,978	2,834,160	4,277,970	6,945,510
Amount owing to Directors		969,119	1,407,931	1,412,831	310,544	310,544
Term loan	7.5.4 (l)	-	-	640,451	716,384	-
Taxation		573,993	-	-	-	-
Total current liabilities		3,830,568	6,831,909	4,887,442	5,304,898	7,256,054
Total liabilities		3,852,400	6,831,909	7,428,622	7,136,706	7,256,054
Total equity and liabilities		7,845,690	10,590,292	10,378,851	10,747,483	10,691,763
Number of ordinary shares		1,000,000	1,000,000	1,000,000	1,920,000	1,920,000
Net tangible assets per ordinary share (RM)		3.99	3.76	2.95	1.88	1.79

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.2 STATEMENTS OF CHANGES IN EQUITY**

	Share capital RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2005	1,000	9,540	10,540
Profit for the year	-	3,873	3,873
Dividend	-	(10,420)	(10,420)
At 31 December 2005	1,000	2,993	3,993
Loss for the year	-	(235)	(235)
At 31 December 2006	1,000	2,758	3,758
Loss for the year	-	(808)	(808)
At 31 December 2007	1,000	1,950	2,950
Issue of shares	920	-	920
Loss for the year	-	(259)	(259)
At 31 December 2008	1,920	1,691	3,611
Loss for the year	-	(175)	(175)
At 31 December 2009	1,920	1,516	3,436

7.5.3 CASH FLOW STATEMENTS

	Year ended 31 December				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Net cash from/(used in) operating activities	10,498	2,201	(3,194)	854	2,485
Net cash from/(used in) investing activities	35	(3,231)	15	30	-
Net cash (used in)/from financing activities	(10,420)	439	3,186	(816)	(2,548)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.3 CASH FLOW STATEMENTS (Cont'd)**

	Year ended 31 December				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Net increase/(decrease) in cash and cash equivalents	113	(591)	7	68	(63)
Cash and cash equivalents at beginning of year	1,287	1,400	809	816	884
Cash and cash equivalents at end of year	1,400	809	816	884	821

7.5.4 NOTES TO FINANCIAL STATEMENTS**(a) REVENUE**

Revenue comprises :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Sale of completed development properties	11,096,522	15,000	-	-	-

(b) COST OF SALES

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property development expenses	5,339,213	4,960	530,921	140,580	-
Cost of completed development properties	-	113,452	-	-	-
	5,339,213	118,412	530,921	140,580	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) OPERATING PROFIT /(LOSS)**

Operating profit /(loss) is arrived at after charging:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Auditors' remuneration					
- current year	3,300	3,300	3,300	3,300	3,300
- other services	-	-	-	6,600	6,600
Depreciation of property, plant and equipment (Note 7.5.4.(e))	21,378	21,478	34,963	34,683	34,683
Depreciation of investment properties (Note 7.5.4.(f))	-	-	40,704	36,430	38,719
Directors' emoluments	12,000	-	-	-	-
Rental expense	16,120	-	8,000	-	-
Property, plant and equipment written off	-	-	1,178	-	-
Staff cost	93,496	74,247	63,768	46,227	19,746
and after crediting :					
Interest income	43,379	18,411	4	15	3
Gain on disposal of investment properties	-	-	10,065	20,361	-
Rental income	41,349	41,889	91,218	61,985	23,600

(d) TAX EXPENSE

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current tax expense					
- Current year	(1,473,878)	-	-	-	-
- Prior year	2,035	1,057	-	-	-
	(1,471,843)	1,057	-	-	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) TAX EXPENSE (Cont'd)**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Deferred tax expense					
- Origination of temporary differences	(201)	12,968	-	-	-
- Prior year		8,864	(180,674)	-	-
	(201)	21,832	(180,674)	-	-
	(1,472,044)	22,889	(180,674)	-	-

Reconciliation of effective tax expense:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Profit/(Loss) before tax	5,344,897	(257,796)	(627,480)	(259,452)	(175,068)
Income tax using Malaysian tax rate	(1,496,571)	72,183	169,420	67,548	43,767
Non-deductible expenses	(17,508)	(10,999)	(20,593)	(17,817)	(14,321)
Reduced tax rate on first RM 500,000 chargeable income	40,000	-	-	-	-
Deferred tax assets previously not recognised:					
- current year	-	(48,216)	(148,827)	(49,641)	(29,446)
	(1,474,079)	12,968	-	-	-
Under/(Over) provision in prior year	2,035	9,921	(180,674)	-	-
Tax expense	(1,472,044)	22,889	(180,674)	-	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) PROPERTY, PLANT AND EQUIPMENT**

	Buildings RM	Furniture and fittings and office equipment RM	Total RM
<i>Cost</i>			
At 1 January 2005	-	205,136	205,136
Additions	-	8,836	8,836
At 31 December 2005	-	213,972	213,972
<i>Depreciation</i>			
At 1 January 2005	-	35,321	35,321
Charge for the year	-	21,378	21,378
At 31 December 2005	-	56,699	56,699
<i>Carrying amount</i>			
At 31 December 2005	-	157,273	157,273

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Buildings RM	Furniture and fittings and office equipment RM	Total RM
<i>Cost</i>			
At 1 January 2006	-	213,972	213,972
Additions	3,248,246	1,135	3,249,381
At 31 December 2006	<u>3,248,246</u>	<u>215,107</u>	<u>3,463,353</u>
<i>Depreciation</i>			
At 1 January 2006	-	56,699	56,699
Charge for the year	-	21,478	21,478
At 31 December 2006	<u>-</u>	<u>78,177</u>	<u>78,177</u>
<i>Carrying amount</i>			
At 31 December 2006	<u>-</u>	<u>136,930</u>	<u>3,385,176</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Freehold commercial RM	Furniture and fittings and office equipment RM	Total RM
<i>Cost</i>			
At 1 January 2007	3,248,246	215,107	3,463,353
Effect of adopting FRS 140	(2,579,368)	-	(2,579,368)
	668,878	215,107	883,985
Reclassified from investment properties	3,728	-	3,728
	672,606	215,107	887,713
<i>Depreciation</i>			
At 1 January 2007	-	78,177	78,177
Charge for the year	13,452	21,511	34,963
	13,452	99,688	113,140
<i>Carrying amount</i>			
	659,154	115,419	774,573

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Freehold commercial RM	Furniture and fittings and office equipment RM	Total RM
<i>Cost</i>			
At 1 January 2008	672,606	215,107	887,713
Written off	-	(2,800)	(2,800)
At 31 December 2008	672,606	212,307	884,913
<i>Depreciation</i>			
At 1 January 2008	13,452	99,688	113,140
Charge for the year	13,452	21,231	34,683
Written off	-	(1,622)	(1,622)
At 31 December 2008	26,904	119,297	146,201
<i>Carrying amount</i>			
At 31 December 2008	645,702	93,010	738,712

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Freehold commercial RM	Furniture and fittings and office equipment RM	Total RM
<i>Cost</i>			
At 1 January 2008/ 31 December 2009	672,606	212,307	884,913
<i>Depreciation</i>			
At 1 January 2008	26,904	119,297	146,201
Charge for the year	13,452	21,231	34,683
At 31 December 2008	40,356	140,528	180,884
<i>Carrying amount</i>			
At 31 December 2008	632,250	71,779	704,029

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) INVESTMENT PROPERTIES**

	2005	2006	2007	2008	2009
	RM	RM	RM	RM	RM
Cost					
At 1 January	-	-	-	2,030,227	1,935,987
Effect of adopting FRS 140	-	-	2,579,368	-	-
Restated balance	-	-	2,579,368	2,030,227	1,935,987
Reclassified to property, plant and equipment	-	-	(3,728)	-	-
*Transfer to income statement	-	-	(540,453)	(84,320)	-
Disposals	-	-	(4,960)	(9,920)	-
At 31 December	-	-	2,030,227	1,935,987	1,935,987
Depreciation					
At 1 January	-	-	-	40,679	76,828
Depreciation for the year	-	-	40,704	38,819	38,719
Reversal	-	-	-	(2,389)	-
Disposals	-	-	(25)	(231)	-
At 31 December	-	-	40,679	76,828	115,547
Carrying amount					
At 1 January	-	-	-	1,989,548	1,859,159
Effect of adopting FRS 140	-	-	2,579,368	-	-
Restated balance	-	-	2,579,368	1,989,548	1,859,159
At 31 December	-	-	1,989,548	1,859,159	1,820,440

* This in respect of the under recognition of property development costs in income statement in prior year.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(g) PROPERTY DEVELOPMENT COSTS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Freehold land, at cost	-	5,254,760	5,254,760	5,254,760	5,254,760
Development costs					
At 1 January	-	89,885	89,885	507,300	803,042
Additions	-	-	417,415	295,742	151,988
At 31 December	-	-	-	-	-
		89,885	507,300	803,042	955,030
	-	5,344,645	5,762,060	6,057,802	6,209,790

The freehold land is charged to a licensed bank as security for banking facilities granted to the Group.

(h) INVENTORIES

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
At cost :					
Car park and accessories	1,818,600	-	-	-	-
Retail shoplots	1,723,405	957,677	963,014	963,014	963,014
Three-storey apartment and commercial lots	668,878	-	-	-	-
	4,210,883	957,677	963,014	963,014	963,014

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(i) OTHER RECEIVABLES AND DEPOSITS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Amount due from Companies which certain Directors have substantial financial interest	830,937	35,497	17,321	18,272	-
Others	1,234,158	54,330	56,515	225,979	173,416
	<u>2,065,095</u>	<u>89,827</u>	<u>73,836</u>	<u>244,251</u>	<u>173,416</u>

Amount due from companies which certain Directors have substantial financial interest is unsecured, interest free and repayable on demand.

(j) SHARE CAPITAL

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Ordinary shares of RM1 each					
Authorised :					
Balance at 1 January	1,000,000	1,000,000	1,000,000	5,000,000	5,000,000
Creations	-	-	4,000,000	-	-
Balance at 31 December	<u>1,000,000</u>	<u>1,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid :					
Balance at 1 January	1,000,000	1,000,000	1,000,000	1,000,000	1,920,000
Cash allotment, at par	-	-	-	920,000	-
Balance at 31 December	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,920,000</u>	<u>1,920,000</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(k) DEFERRED TAX LIABILITIES**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Balance at 1 January	21,631	21,832	-	-	-
Transfer from/(to) income statement	201	(12,968)	-	-	-
	21,832	8,864	-	-	-
Over provision in prior year	-	(8,864)	-	-	-
Balance at 31 December	21,832	-	-	-	-

(l) BORROWINGS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current					
Term loans	-	-	640,451	716,384	-
Non-current					
Term loans	-	-	2,541,180	1,831,808	-

Term loans

Term loans are repayable as follows :

	Total RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
At 31 December 2007	3,181,631	640,451	2,541,180	-
At 31 December 2008	2,548,192	716,384	1,831,808	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(I) BORROWINGS (Cont'd)***Securities*

The above borrowings were secured by way of:

- i) Fixed legal charge over the freehold land of the Company;
- ii) joint and several guarantees by all Directors of the Company, and
- iii) Corporate guarantee by a related party in which a Director of the Company has substantial financial interest.

(m) OTHER PAYABLES AND ACCRUALS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Amount due to Companies in which certain Directors have substantial financial interest	24,699	501,850	1,584,681	2,945,401	5,634,570
Others	2,262,757	4,922,128	1,249,479	1,332,569	1,310,940
	<u>2,287,456</u>	<u>5,423,978</u>	<u>2,834,160</u>	<u>4,277,970</u>	<u>6,945,510</u>

The amounts due to Companies in which certain Directors have substantial financial interest are unsecured, interest-free and have no fixed terms of repayment.

(n) RELATED PARTY TRANSACTIONS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Companies which Directors have substantial financial interests					
Rental paid	-	-	8,000	-	-
Services rendered	-	37,937	-	-	-
	<u>-</u>	<u>37,937</u>	<u>-</u>	<u>-</u>	<u>-</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.5 ISSB (Cont'd)****7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(o) DIVIDENDS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
In respect of financial year 31 December	-	-	-	-	-
- An interim dividend of 672.7% less tax	4,843,440	-	-	-	-
- An interim dividend of 750.9% less tax	5,406,480	-	-	-	-
- An interim dividend of 23.5735% less tax	169,729	-	-	-	-

(p) CONTINGENT LIABILITIES, SECURED

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Limit	-	-	-	-	8,000,000
Utilised as at balance sheet date	-	-	-	-	7,333,833

Corporate guarantee extended to a licensed bank secured against the Company's property for credit facility granted to a company in which certain directors have substantial financial interests

(q) FINANCIAL INSTRUMENTS**Financial risk management objectives and policies**

The company's financial risk management policy seeks to ensure that adequate resources are available for the development of the Company's business whilst managing its credit and liquidity risks. The Board reviews regularly the policies in place to manage these risks as summarised below.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not have any significant exposure to any individual customer.

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.5 ISSB (Cont'd)

7.5.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(q) FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk

The Company actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayments and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

Fair Values

The carrying amounts of financial assets and liabilities of the Company as at balance sheet date approximate their fair values.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB**

We set out below the income statements of IPMSB for the financial years ended 30 June 2005 to 2006, six months ended 31 December 2006 and for the financial years ended 31 December 2007 to 2009.

		Year ended 30 June		Six months ended 31 December	Year ended 31 December		
	Note	2005 RM	2006 RM	2006 RM	2007 RM	2008 RM	2009 RM
Revenue	7.6.4(a)	1,166,593	1,062,002	557,966	1,496,541	1,889,897	2,617,949
Cost of sales		-	-	-	-	-	-
Gross profit		1,166,593	1,062,002	557,966	1,496,541	1,889,897	2,617,949
Admin expenses		(1,008,928)	(1,004,900)	(606,384)	(1,571,740)	(2,107,659)	(2,661,224)
Other operating income		121,910	145,069	50,456	89,137	118,772	246,850
Operating profit/ (loss)		279,575	202,171	2,038	13,938	(98,990)	203,575
Finance costs		(1,236)	-	-	-	-	(1,486)
Profit / (Loss) before tax	7.6.4(b)	278,339	202,171	2,038	13,938	(98,990)	202,089
Tax expense	7.6.4(c)	(31,000)	(40,858)	(8,012)	(6,600)	7,586	(41,000)
Profit/ (Loss) for the year /period		247,339	161,313	(5,974)	7,338	(91,404)	161,089

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)**

	Year ended 30 June		Six months ended 31 December	Year ended 31 December		
	2005	2006	2006	2007	2008	2009
	RM	RM	RM	RM	RM	RM
Net dividend per ordinary share (sen)	-	-	-	-	-	-
Number of shares in issue during the year/ period	100	100	100	100,000	100,000	100,000
Earnings/ (Loss) per share (RM)						
- Gross	2,783.39	2,021.71	*40.76	0.14	(0.99)	2.02
- Net	2,473.39	1,613.13	*(119.48)	0.07	(0.91)	1.61
PBT margin (%)	23.86	19.04	0.37	0.93	(5.24)	7.72
PAT margin (%)	21.20	15.19	(1.07)	0.49	(4.84)	6.15
Debtors' turnover period (months)	0.10	1.62	2.10	-	-	-
* - Annualised						

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.1 BALANCE SHEETS**

We set out below the balance sheets of IPMSB as at 30 June 2005 to 2006 and 31 December 2007 to 2009.

	As at 30 June			As at 31 December			
	2005 RM	2006 RM	2006 RM	2007 RM	2008 RM	2009 RM	
Assets							
Property, plant and equipment	7.6.4(d)	40,582	48,301	57,112	84,900	97,156	200,456
Total non-current assets		40,582	48,301	57,112	84,900	97,156	200,456
Trade receivables		9,561	143,307	195,219	-	-	-
Other debtors and deposits		77,105	265,243	263,640	487,544	709,997	1,301,859
Tax recoverable		48,859	31,833	34,096	36,156	38,232	33,273
Cash and bank balances		428,780	108,842	254,879	528,829	2,170,980	1,866,345
Total current assets		564,305	549,225	747,834	1,052,529	2,919,209	3,201,477
Total assets		604,887	597,526	804,946	1,137,429	3,016,365	3,401,933
Equity							
Share capital	7.6.4(e)	100	100	100	100,000	100,000	100,000
Retained earnings		51,149	212,462	206,488	213,826	122,422	283,511
Total equity		51,249	212,562	206,588	313,826	222,422	383,511

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.1 BALANCE SHEETS (Cont'd)**

	As at 30 June		As at 31	As at 31 December		
	2005	2006	December	2007	2008	2009
	RM	RM	2006	RM	RM	RM
Liabilities						
Hire purchase payable						
7.6.4(f)	-	-	-	-	-	5,091
Deferred taxation						
7.6.4(g)	-	-	5,700	8,300	-	17,000
Total non-current liabilities	-	-	5,700	8,300	-	22,091
Deposit received	134,200	-	-	-	-	-
Trade payables	284,764	208,241	407,180	466,918	1,896,072	1,626,476
Other Payables and accruals	134,674	176,723	185,478	348,385	897,871	1,350,204
Hire purchase payable						
7.6.4(f)	-	-	-	-	-	19,651
Total current liabilities	553,638	384,964	592,658	815,303	2,793,943	2,996,331
Total liabilities	553,638	384,964	598,358	823,603	2,793,943	3,018,422
Total equity and liabilities	604,887	597,526	804,946	1,137,429	3,016,365	3,401,933
Number of ordinary shares	100	100	100	100,000	100,000	100,000
Net tangible assets per ordinary share (RM)	512.49	2,125.62	2,065.88	3.14	2.22	3.84

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.2 STATEMENTS OF CHANGES IN EQUITY**

	Share capital RM'000	Accumulated (losses)/ Retained earnings RM'000	Total RM'000
At 1 July 2005	-*	(196)	(196)
Profit for the year	-	247	247
At 30 June 2005	-*	51	51
Profit for the year	-	161	161
At 30 June 2006	-*	212	212
Loss for the period	-	(6)	(6)
At 31 December 2006	-*	206	206
Issue of shares	100	-	100
Profit for the year	-	7	7
At 31 December 2007	100	213	313
Loss for the year	-	(91)	(91)
At 31 December 2008	100	122	222
Profit for the year	-	161	161
At 31 December 2009	100	283	383

* - The share capital is only RM100.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.3 CASH FLOW STATEMENTS**

	Year ended 30 June		Six months ended 31 December	Year ended 31 December		
	2005	2006	2006	2007	2008	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from/(used in) operating activities	147	(307)	160	213	1,668	(199)
Net cash used in investing activities	(30)	(13)	(14)	(39)	(26)	(87)
Net cash from/(used in) financing activities	-	-	-	100	-	(18)
Net increase/(decrease) in cash and cash equivalents	117	(320)	146	274	1,642	(304)
Cash and cash equivalents at beginning of year/period	312	429	109	255	529	2,171
Cash and cash equivalents at end of year/period	429	109	255	529	2,171	1,867

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS****(a) REVENUE**

Revenue comprises :

	Year ended 30 June		Six months ended 31 December	Year ended 31 December		
	2005	2006	2006	2007	2008	2009
	RM	RM	RM	RM	RM	RM
Cleaning charges	203,900	129,600	64,800	225,600	258,548	335,798
Gym maintenance fee	-	-	-	3,150	5,850	6,720
Management fee	299,800	324,852	156,600	433,200	463,200	706,400
Security service charges	652,093	607,550	336,566	814,611	1,121,399	1,522,031
Swimming pool maintenance charges	10,800	-	-	19,980	40,900	47,000
	1,166,593	1,062,002	557,966	1,496,541	1,889,897	2,617,949

(b) PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at:

	Year ended 30 June		Six months ended 31 December	Year ended 31 December		
	2005	2006	2006	2007	2008	2009
	RM	RM	RM	RM	RM	RM
After charging:						
Auditors' remuneration						
- statutory audit	600	600	600	1,000	1,000	1,000
- other services	-	-	-	-	2,000	2,000
Director fee	13,000	-	-	-	-	-
Depreciation	3,648	5,548	3,494	10,090	12,628	23,587
Interest expense	-	-	-	-	-	1,486
Plant and equipment written off	-	-	1,959	1,283	1,018	3,348
Rental of office equipment	-	2,202	1,051	3,067	3,990	5,281
Rental of premises	-	-	-	-	19,975	25,370
Staff costs	-	892,889	508,226	1,396,018	1,812,703	2,214,597

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.6 IPMSB (Cont'd)

7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(b) PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

	Year ended 30 June		Six months ended 31 December	Year ended 31 December		
	2005	2006	2006	2007	2008	2009
	RM	RM	RM	RM	RM	RM
After crediting:						
Interest income	-	-	-	-	115	2
Rental of equipment	-	-	-	-	-	1,792
Rental of premises						
- current year	-	-	-	5,845	25	569
- over provision in prior year	-	-	-	(19,588)	-	(450)

(c) TAX EXPENSE

	Year ended 30 June		Six months ended 31 December	Year ended 31 December		
	2005	2006	2006	2007	2008	2009
	RM	RM	RM	RM	RM	RM
Malaysian income tax:						
Based on results for the year						
- Current tax	31,000	(40,700)	(2,000)	(4,000)	-	(24,000)
- Deferred tax						
Relating to the origination and reversal of temporary differences	-	-	(1,700)	(3,500)	8,300	(17,000)
Relating to changes in tax rates	-	-	-	900	-	-
	31,000	(40,700)	(3,700)	(6,600)	8,300	(41,000)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) TAX EXPENSE (Cont'd)**

	Year ended 30 June		Six months ended 31 December	Year ended 31 December		
	2005	2006	2006	2007	2008	2009
	RM	RM	RM	RM	RM	RM
Under provision in prior years						
- Income tax	-	(158)	(312)	-	(714)	-
- Deferred tax	-	-	(4,000)	-	-	-
	-	(158)	(4,312)	-	(714)	-
	31,000	(40,858)	(8,012)	(6,600)	7,586	(41,000)

Reconciliation of effective tax expense:

	Year ended 30 Jun		Six months ended 31 December	Year ended 31 December		
	2005	2006	2006	2007	2008	2009
	RM	RM	RM	RM	RM	RM
Profit/(Loss) before tax	278,339	202,171	2,038	13,938	(98,990)	202,089
Income tax using Malaysian tax rate	77,935	(56,608)	(571)	(3,763)	25,737	(50,522)
Non-deductible expenses	-	(1,587)	(4,041)	(5,011)	(8,015)	(7,889)
Reduced tax rate on first RM500,000 chargeable income	-	16,405	912	1,274	-	5,964
Effect of changes in tax rates	-	-	-	900	(680)	-
Deferred tax assets previously not recognised:	(34,899)	1,090	-	-	(8,742)	11,447
Losses not available for set-off	(12,296)	-	-	-	-	-
Others	260	-	-	-	-	-
	31,000	(40,700)	(3,700)	(6,600)	8,300	(41,000)
Over provision in prior year	-	(158)	(4,312)	-	(714)	-
Tax expense	31,000	(40,858)	(8,012)	(6,600)	7,586	(41,000)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) PROPERTY, PLANT AND EQUIPMENT**

	Computers RM	Office equipment, furniture and fittings RM	Signboard RM	Total RM
<i>Cost</i>				
At 1 July 2004	-	12,111	3,224	15,335
Additions	6,780	22,805	-	29,585
At 30 June 2005	<u>6,780</u>	<u>34,916</u>	<u>3,224</u>	<u>44,920</u>
<i>Depreciation</i>				
At 1 July 2004	-	652	38	690
Charge for the year	292	3,034	322	3,648
At 30 June 2005	<u>292</u>	<u>3,686</u>	<u>360</u>	<u>4,338</u>
<i>Carrying amount</i>				
At 30 June 2005	<u>6,488</u>	<u>31,230</u>	<u>2,864</u>	<u>40,582</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Computers RM	Office equipment, furniture and fittings RM	Signboard RM	Total RM
<i>Cost</i>				
At 1 July 2005	6,780	34,916	3,224	44,920
Additions	3,830	8,477	960	13,267
At 30 June 2006	10,610	43,393	4,184	58,187
<i>Depreciation</i>				
At 1 July 2005	292	3,686	360	4,338
Charge for the year	940	4,214	394	5,548
At 30 June 2006	1,232	7,900	754	9,886
<i>Carrying amount</i>				
At 30 June 2006	9,378	35,493	3,430	48,301

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Computers	Office equipment, furniture and fittings	Signboard	Total
	RM	RM	RM	RM
<i>Cost</i>				
At 1 July 2006	10,610	43,393	4,184	58,187
Additions	900	13,364	-	14,264
Write off	-	(2,052)	-	(2,052)
At 31 December 2006	<u>11,510</u>	<u>54,705</u>	<u>4,184</u>	<u>70,399</u>
<i>Depreciation</i>				
At 1 July 2006	1,232	7,900	754	9,886
Charge for the year	568	2,744	182	3,494
Write off	-	(93)	-	(93)
At 31 December 2006	<u>1,800</u>	<u>10,551</u>	<u>936</u>	<u>13,287</u>
<i>Carrying amount</i>				
At 31 December 2006	<u>9,710</u>	<u>44,154</u>	<u>3,248</u>	<u>57,112</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Computers	Office equipment, furniture and fittings	Signboard	Total
	RM	RM	RM	RM
<i>Cost</i>				
At 1 January 2007	11,510	54,705	4,184	70,399
Additions	16,143	23,018	-	39,161
Write off	-	(1,598)	-	(1,598)
At 31 December 2007	<u>27,653</u>	<u>76,125</u>	<u>4,184</u>	<u>107,962</u>
<i>Depreciation</i>				
At 1 January 2007	1,800	10,551	936	13,287
Charge for the year	2,178	7,466	446	10,090
Write off	-	(315)	-	(315)
At 31 December 2007	<u>3,978</u>	<u>17,702</u>	<u>1,382</u>	<u>23,062</u>
<i>Carrying amount</i>				
At 31 December 2007	<u>23,675</u>	<u>58,423</u>	<u>2,802</u>	<u>84,900</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Computers RM	Office equipment, furniture and fittings RM	Signboard RM	Total RM
<i>Cost</i>				
At 1 January 2008	27,653	76,125	4,184	107,962
Additions	6,918	18,984	-	25,902
Write off	-	(1,265)	-	(1,265)
At 31 December 2008	<u>34,571</u>	<u>93,844</u>	<u>4,184</u>	<u>132,599</u>
<i>Depreciation</i>				
At 1 January 2008	3,978	17,702	1,382	23,062
Charge for the year	3,222	9,003	403	12,628
Write off	-	(247)	-	(247)
At 31 December 2008	<u>7,200</u>	<u>26,458</u>	<u>1,785</u>	<u>35,443</u>
<i>Carrying amount</i>				
At 31 December 2008	<u>27,371</u>	<u>67,386</u>	<u>2,399</u>	<u>97,156</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Computers	Office equipment, furniture and fittings	Signboard	Total
	RM	RM	RM	RM
<i>Cost</i>				
At 1 January 2009	34,571	93,844	4,184	132,599
Additions	1,637	128,598	-	130,235
Write off	(420)	(4,204)	-	(4,624)
At 31 December 2009	35,788	218,238	4,184	258,210
<i>Depreciation</i>				
At 1 January 2009	7,200	26,458	1,785	35,443
Charge for the year	3,542	19,626	419	23,587
Write off	(101)	(1,175)	-	(1,276)
At 31 December 2009	10,641	44,909	2,204	57,754
<i>Carrying amount</i>				
At 31 December 2009	25,147	173,329	1,980	200,456

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) SHARE CAPITAL**

	As at 30 June		2006 RM	As at 31 December		2009 RM
	2005 RM	2006 RM		2007 RM	2008 RM	
Ordinary shares of RM1 each						
Authorised :						
Balance at beginning	-	500,000	500,000	500,000	500,000	500,000
Increased during the year	500,000	-	-	-	-	-
Balance at end	500,000	500,000	500,000	500,000	500,000	500,000
Issued and fully paid :						
Balance at beginning	-	100	100	100	100,000	100,000
Issued at par, for cash	100	-	-	99,900	-	-
Balance at end	100	100	100	100,000	100,000	100,000

(f) HIRE PURCHASE PAYABLE

	Year ended 30 June		Six months ended 31 December	Year ended 31 December		
	2005 RM	2006 RM	2006 RM	2007 RM	2008 RM	2009 RM
Non-current liabilities						
Total amount payable	-	-	-	-	-	25,733
Less: Interest in suspense	-	-	-	-	-	(991)
	-	-	-	-	-	24,742
Less: Payable within next twelve months included in current liabilities	-	-	-	-	-	(19,651)
	-	-	-	-	-	5,091

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.6 IPMSB (Cont'd)****7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(g) DEFERRED TAXATION**

	As at 30 June		2006 RM	As at 31 December		2009 RM
	2005 RM	2006 RM		2007 RM	2008 RM	
Balance at beginning	-	-	-	5,700	8,300	-
Transfer from/(to) income statement	-	-	1,700	2,600	(8,300)	17,000
	-	-	1,700	8,300	-	17,000
Under provision in prior year	-	-	4,000	-	-	-
Balance at end	-	-	5,700	8,300	-	17,000

(h) RELATED PARTY TRANSACTIONS

	As at 30 June		2006 RM	As at 31 December		2009 RM
	2005 RM	2006 RM		2007 RM	2008 RM	
Transactions with company in which certain directors have substantial financial interests						
- Rental expense	-	-	-	-	8,250	-
- Purchase of property, plant and equipment	-	-	2,969	-	-	-
- Rental income	-	-	-	-	8,250	9,000
- Security charges	-	225,960	148,591	282,328	483,988	687,129

(i) FINANCIAL INSTRUMENTS**Financial risk management objectives and policies**

The Company's financial risk management policy seeks to ensure that adequate resources are available for the development of the Company's business whilst managing its credit, interest rate and liquidity risks. The Board reviews regularly the policies in place to manage these risks as summarised below.

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.6 IPMSB (Cont'd)

7.6.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(i) FINANCIAL INSTRUMENTS (Cont'd)

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Interest rate risk

The Company has only one interest bearing loan which is a hire purchase loan at a fixed interest rate.

Liquidity risk

The Company actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

Fair values

The carrying amounts of the financial assets and financial liabilities of the Company as at balance sheet date approximate their fair values

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A**

We set out below the income statements of G&A for the financial years ended 31 December 2005 to 2009.

	Note	Year ended 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Revenue		2,348,664	2,555,547	1,427,767	4,489,996	1,870,548
General and administrative expenses		(2,292,235)	(2,715,293)	(2,517,928)	(3,098,870)	(3,321,189)
Other operating income		5,034	-	-	39	272,534
Operating profit/(loss)	7.7.4(a)	61,463	(159,746)	(1,090,161)	1,391,165	(1,178,107)
Finance costs		(8,767)	(6,180)	(6,180)	(6,180)	(3,605)
Profit/(Loss) before tax		52,696	(165,926)	(1,096,341)	1,384,985	(1,181,712)
Tax expense	7.7.4(b)	(24,817)	50,493	8,500	(60,000)	60,000
Profit/(Loss) for the year		27,879	(115,433)	(1,087,841)	1,324,985	(1,121,712)
Weighted average number of shares in issue during the year		100,000	100,000	100,000	100,000	100,000
Earnings/(Loss) per share (RM)						
- Gross		0.53	(1.66)	(10.96)	13.85	(11.82)
- Net		0.28	(1.15)	(10.88)	13.25	(11.22)
PBT margin (%)		2.24	(6.49)	(76.79)	30.85	(63.17)
PAT margin (%)		1.19	(4.52)	(76.19)	29.51	(59.97)
Debtors' turnover period (months)		1.56	3.80	-	4.16	3.09

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.1 BALANCE SHEETS**

We set out below the balance sheets of G&A as at 31 December 2005 to 2009.

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Assets						
Property, plant and equipment	7.7.4(c)	475,637	484,168	554,696	561,552	466,417
Total non-current assets		475,637	484,168	554,696	561,552	466,417
Trade receivables		305,813	809,050	-	1,557,067	481,708
Sundry receivables, deposits and prepayments	7.7.4(d)	8,939	10,576	4,100	2,746	39
Amount due from directors		-	100,000	-	-	-
Tax recoverable		11,732	25,542	38,934	26,687	-
Cash and bank balances		165,817	63,011	103,753	85,733	53,084
Total current assets		492,301	1,008,179	146,787	1,672,233	534,831
Total assets		967,938	1,492,347	701,483	2,233,785	1,001,248
Equity						
Share capital	7.7.4(e)	100,000	100,000	100,000	100,000	100,000
Retained earnings/ (Accumulated losses)		273,370	157,937	(929,904)	395,081	(726,631)
Total equity		373,370	257,937	(829,904)	495,081	(626,631)
Liabilities						
Hire purchase payable	7.7.4(f)	106,414	65,206	23,998	-	-
Deferred tax liabilities	7.7.4(h)	51,593	8,500	-	60,000	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.1 BALANCE SHEETS (Cont'd)**

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Total non-current liabilities		158,007	73,706	23,998	60,000	-
Trade Payables		-	-	-	-	50,000
Other payables and accruals	7.7.4(g)	436,561	1,160,704	1,466,181	1,658,655	1,577,879
Hire purchase payable	7.7.4(f)	-	-	41,208	20,049	-
Total current liabilities		436,561	1,160,704	1,507,389	1,678,704	1,627,879
Total liabilities		594,568	1,234,410	1,531,387	1,738,704	1,627,879
Total equity and liabilities		967,938	1,492,347	701,483	2,233,785	1,001,248
Number of ordinary shares		100,000	100,000	100,000	100,000	100,000
Net tangible assets/(Net liabilities) per ordinary share (RM)		3.73	2.58	(8.30)	4.95	(6.27)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.2 STATEMENTS OF CHANGES IN EQUITY**

	Share Capital RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
At 1 January 2005	100	245	345
Profit for the year	-	28	28
At 31 December 2005	100	273	373
Loss for the year	-	(115)	(115)
At 31 December 2006	100	158	258
Loss for the year	-	(1,088)	(1,088)
At 31 December 2007	100	(930)	(830)
Profit for the year	-	1,325	1,325
At 31 December 2008	100	395	495
Loss for the year	-	(1,122)	(1,122)
At 31 December 2009	100	(727)	(627)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.3 CASH FLOW STATEMENTS**

	Year ended 31 December				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Net cash from operating activities	77	150	165	157	(273)
Net cash (used in) / from investing activities	(135)	(112)	(183)	(130)	260
Net cash (used in)/from financing activities	(52)	(141)	59	(45)	(20)
Net (decrease) /increase in cash and cash equivalents	(110)	(103)	41	(18)	(33)
Cash and bank balances at beginning of year	276	166	63	104	86
Cash and bank balances at end of year	166	63	104	86	53

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.4 NOTES TO FINANCIAL STATEMENTS****(a) OPERATING PROFIT /(LOSS)**

Operating profit/ (loss) is arrived at :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
After charging :					
Audit fee					
- Statutory audit	2,500	2,500	2,500	2,500	2,500
- Other services	-	-	-	5,000	5,000
Depreciation	85,117	100,367	111,660	122,382	103,831
Interest expense	7,668	6,180	6,180	6,180	3,605
Property, plant and equipment written off	13,041	2,653	763	447	842
Rental of equipment	-	1,598	2,611	-	-
Rental of premises	95,100	87,600	87,600	90,130	90,360
Staff costs	1,328,498	1,733,133	1,835,075	2,454,490	2,557,394
Director's emoluments	80,640	80,640	195,552	203,840	207,984
And crediting :					
Gain on disposal of property, plant and equipment	-	-	-	-	269,524

(b) TAXATION

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Malaysian income tax :					
Based on results for the year					
- Current year	(7,400)	-	-	-	-
- Prior year	540	7,400	-	-	-
	(6,860)	7,400	-	-	-
Deferred tax expense					
- Origination of temporary differences	(17,619)	31,500	-	(60,000)	23,286
- Prior year	(338)	11,593	8,500	-	36,714
	(17,957)	43,093	8,500	(60,000)	60,000
	(24,817)	50,493	8,500	(60,000)	60,000

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(b) TAX EXPENSE (Cont'd)****Reconciliation of effective tax expense:**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Profit/ (loss) before tax	52,696	(165,926)	(1,096,341)	1,384,985	(1,181,712)
Income tax using Malaysian tax rate	(14,755)	(46,459)	296,012	(360,096)	295,428
Non-deductible expenses	(13,188)	(14,959)	(19,207)	(21,480)	(39,122)
Non taxable income	-	-	-	-	54,881
Utilisation of unabsorbed tax losses and capital allowances	-	-	-	359,874	-
Reduced tax rate on first RM 500,000 chargeable income	2,924	-	-	-	-
Deferred tax assets previously not recognised	-	-	(276,805)	(38,398)	(287,901)
	(25,019)	31,500	-	(60,000)	23,286
Over provision in prior year	202	18,993	8,500	-	36,714
Tax expense	(24,817)	50,493	8,500	(60,000)	60,000

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) PROPERTY, PLANT AND EQUIPMENT**

	Computer and software RM	Furniture, fittings and equipment RM	Motor Vehicles RM	Total RM
<i>Cost</i>				
At 1 January 2005	113,257	70,592	309,324	493,173
Additions	83,177	52,170	-	135,347
Written off	(14,049)	-	-	(14,049)
At 31 December 2005	<u>182,385</u>	<u>122,762</u>	<u>309,324</u>	<u>614,471</u>
<i>Depreciation</i>				
At 1 January 2005	10,751	4,831	39,143	54,725
Charge for the year	15,286	7,966	61,685	85,117
Write off	(1,008)	-	-	(1,008)
At 31 December 2005	<u>25,029</u>	<u>12,797</u>	<u>101,008</u>	<u>138,834</u>
<i>Carrying amount</i>				
At 31 December 2005	<u>157,356</u>	<u>109,965</u>	<u>208,316</u>	<u>475,637</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Computer and software RM	Furniture, fittings and equipment RM	Motor Vehicles RM	Total RM
<i>Cost</i>				
At 1 January 2006	182,385	122,762	309,324	614,471
Additions	106,629	8,350	-	114,979
Written off	(190)	(3,120)	-	(3,310)
Reclassification	(3,428)	-	-	(3,428)
At 31 December 2006	285,396	127,992	309,324	722,712
<i>Depreciation</i>				
At 1 January 2006	25,029	12,797	101,008	138,834
Charge for the year	25,452	13,050	61,685	100,367
Write off	-	(657)	-	(657)
At 31 December 2006	50,481	25,190	162,873	238,544
<i>Carrying amount</i>				
At 31 December 2006	234,915	102,802	146,451	484,168

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Computer and software RM	Furniture, fittings and equipment RM	Motor Vehicles RM	Total RM
<i>Cost</i>				
At 1 January 2007	285,396	127,992	309,324	722,712
Additions	182,635	1,160	-	183,795
Written off	(1,200)	-	-	(1,200)
Disposal	-	(1,350)	-	(1,350)
At 31 December 2007	466,831	127,802	309,324	903,957
<i>Depreciation</i>				
At 1 January 2007	50,481	25,190	162,873	238,544
Charge for the year	37,296	12,831	61,533	111,660
Write off	(437)	-	-	(437)
Disposal	-	(506)	-	(506)
At 31 December 2007	87,340	37,515	224,406	349,261
<i>Carrying amount</i>				
At 31 December 2007	379,491	90,287	84,918	554,696

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.7 G&A (Cont'd)

7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(c) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Computer and software RM	Furniture, fittings and equipment RM	Motor Vehicles RM	Total RM
<i>Cost</i>				
At 1 January 2008	466,831	127,802	309,324	903,957
Additions	130,774	-	-	130,774
Written off	(650)	-	-	(650)
Disposal	-	(1,700)	-	(1,700)
At 31 December 2008	596,955	126,102	309,324	1,032,381
<i>Depreciation</i>				
At 1 January 2008	87,340	37,515	224,406	349,261
Charge for the year	55,853	12,624	-	122,382
Write off	(203)	-	-	(203)
Disposal	-	(611)	-	(611)
At 31 December 2008	142,990	49,528	278,311	470,829
<i>Carrying amount</i>				
At 31 December 2008	453,965	76,574	31,013	561,552

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Computer and software RM	Furniture, fittings and equipment RM	Motor Vehicles RM	Total RM
<i>Cost</i>				
At 1 January 2009	596,955	126,102	309,324	1,032,381
Additions	9,538	-	-	9,538
Written off	(1,405)	-	-	(1,405)
Disposal	-	-	(269,524)	(269,524)
At 31 December 2009	<u>605,088</u>	<u>126,102</u>	<u>39,800</u>	<u>770,990</u>
<i>Depreciation</i>				
At 1 January 2009	142,990	49,528	278,311	470,829
Charge for the year	60,194	12,624	31,013	103,831
Write off	(563)	-	-	(563)
Disposal	-	-	(269,524)	(269,524)
At 31 December 2009	<u>202,621</u>	<u>62,152</u>	<u>39,800</u>	<u>304,573</u>
<i>Carrying amount</i>				
At 31 December 2009	<u>402,467</u>	<u>63,950</u>	<u>-</u>	<u>466,417</u>

(d) SUNDRY RECEIVABLES, DEPOSITS AND PREPAYMENT

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Amount due from companies in which Directors have substantial financial interest	18	122	-	46	39
Others	8,921	10,454	4,100	2,700	-
	<u>8,939</u>	<u>10,576</u>	<u>4,100</u>	<u>2,746</u>	<u>39</u>

Amount due from companies in which Directors have substantial financial interests is unsecured, interest free and repayable on demand.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) SHARE CAPITAL**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Ordinary shares of RM1 each					
Authorised :					
Balance at 31 December	100,000	100,000	100,000	100,000	100,000
Issued and fully paid :					
Balance at 31 December	100,000	100,000	100,000	100,000	100,000

(f) HIRE PURCHASE PAYABLE

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current					
Hire purchase obligations	-	-	41,208	20,049	-
Non-current					
Hire purchase obligations	106,414	65,206	23,998	-	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) HIRE PURCHASE PAYABLE (Cont'd)**Hire purchase obligations

The hire purchase obligations are payable as follows :

	2005	2006	2007	2008	2009
	RM	RM	RM	RM	RM
Total amount payable	122,379	74,991	74,991	23,654	-
Interest in suspense	(15,965)	(9,785)	(9,785)	(3,605)	-
	<u>106,414</u>	<u>65,206</u>	<u>65,206</u>	<u>20,049</u>	<u>-</u>
Less: Payable within next twelve months included in current liabilities	-	-	(41,208)	(22,049)	-
Payable more than one year and less than five years	<u>106,414</u>	<u>65,206</u>	<u>23,998</u>	<u>-</u>	<u>-</u>

(g) OTHER PAYABLES AND ACCRUALS

	2005	2006	2007	2008	2009
	RM	RM	RM	RM	RM
Amount due to companies which certain Directors have substantial financial interests	322,977	535,846	954,127	1,020,317	1,111,797
Others	113,584	624,858	512,054	638,338	466,082
	<u>436,561</u>	<u>1,160,704</u>	<u>1,466,181</u>	<u>1,658,655</u>	<u>1,577,879</u>

The amounts due to companies which certain Directors have substantial financial interests is unsecured, interest-free and have no fixed terms of repayment.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.7 G&A (Cont'd)****7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(h) DEFERRED TAX LIABILITIES***Recognised deferred tax liabilities*

Deferred tax liabilities are attributable to the following:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property, plant and equipment					
- capital allowance	51,593	8,500	-	60,000	-

(i) RELATED PARTY TRANSACTIONS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Companies in which Directors have substantial financial interest					
Consultancy fee received	2,348,664	2,555,547	1,487,342	4,489,496	2,055,779
Rental expenses	45,600	87,600	87,600	90,130	90,360
Sales of property, plant and equipment	-	-	-	1,089	-

(j) FINANCIAL INSTRUMENTS**Financial risk management objectives and policies**

The Company's financial risk management policy seeks to ensure that adequate resources are available for the development of the Company's business whilst managing its credit, interest rate and liquidity risks. The Board reviews regularly the policies in place to manage these risks as summarised below.

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.7 G&A (Cont'd)

7.7.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(j) FINANCIAL INSTRUMENTS (Cont'd)

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

As at balance sheet date, the Company has a significant exposure of credit risk on a single customer which is a related party.

Interest rate risk

The Company has only one interest bearing loan which is a hire purchase loan at a fixed interest rate.

Liquidity risk

The Company actively manages its operating cash flows and availability of funding so as to ensure that its working capital requirements are met.

Fair values

The carrying amounts of the financial assets and financial liabilities of the Company as at balance sheet date approximate their fair values.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.8 IISB**

We set out below the income statements of IISB for the financial year ended 31 August 2005, 16 months ended 31 December 2006 and for the financial year ended 31 December 2007 to 2009.

	Note	Year ended 31 August 2005 RM	16 months ended 31 December 2006 RM	Year ended 31 December		
				2007 RM	2008 RM	2009 RM
Revenue		-	-	-	-	-
Administrative expenses		(1,079)	(2,390)	(9,789)	(3,343)	(3,531)
Other operating income		-	-	-	23	10
Loss before tax	7.8.4(a)	(1,079)	(2,390)	(9,789)	(3,320)	(3,521)
Tax expense	7.8.4(b)	-	-	-	-	-
Loss for the period/year		(1,079)	(2,390)	(9,789)	(3,320)	(3,521)
Weighted average number of shares in issue during the year/ period		2	100,000	250,000	250,000	250,000
Loss per share (RM)						
- Gross		(539.50)	*(0.02)	(0.04)	(0.01)	(0.01)
- Net		(539.50)	*(0.02)	(0.04)	(0.01)	(0.01)

* - Annualised

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.8 IISB (Cont'd)****7.8.1 BALANCE SHEETS**

We set out below the balance sheets of IISB as at 31 August 2005 and 31 December 2006 to 2009.

	Note	As at 31		As at 31 December		
		August 2005	2006	2007	2008	2009
		RM	RM	RM	RM	RM
Assets						
Property development costs	7.8.4(c)	-	-	654,914	1,402,213	1,473,893
Sundry deposit		-	-	6,000,000	7,000,000	7,000,000
Amount due from a Director		-	92,773	-	-	-
Cash and bank balances		80	2,026	91,386	238,018	234,624
Total current assets		80	94,799	6,746,300	8,640,231	8,708,517
Total assets		80	94,799	6,746,300	8,640,231	8,708,517
Equity						
Share capital	7.8.4(d)	2	100,000	100,000	250,000	250,000
Accumulated losses		(6,123)	(8,513)	(18,302)	(21,622)	(25,143)
Total equity		(6,121)	91,487	81,698	228,378	224,857
Liabilities						
Other payable and accruals	7.8.4(e)	1,476	3,312	6,657,375	1,231,475	8,476,433
Amount due to a Director		4,725	-	7,227	7,180,378	7,227
Total current liabilities		6,201	3,312	6,664,602	8,411,853	8,483,660
Total liabilities		6,201	3,312	6,664,602	8,411,853	8,483,660
Total equity and liabilities		80	94,799	6,746,300	8,640,231	8,708,517

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.8 IISB (Cont'd)****7.8.1 BALANCE SHEETS (Cont'd)**

	As at 31 August 2005 RM	2006 RM	As at 31 December		2009 RM
			2007 RM	2008 RM	
Number of ordinary shares	2	100,000	100,000	250,000	250,000
Net (liabilities)/Net tangible assets per ordinary share (RM)	(3,061)	0.91	0.82	0.91	0.90

7.8.2 STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Accumulated losses RM'000	Total RM'000
At 1 September 2004	-*	(5)	(5)
Loss for the year	-	(1)	(1)
At 31 August 2005	-*	(6)	(6)
Issue of shares	100	-	100
Loss for the period	-	(2)	(2)
At 31 December 2006	100	(8)	92
Loss for the year	-	(10)	(10)
At 31 December 2007	100	(18)	82
Issue of shares	150	-	150
Loss for the year	-	(3)	(3)
At 31 December 2008	250	(21)	229
Loss for the year	-	(4)	(4)
At 31 December 2009	250	(25)	225

* - This represents share capital of RM2.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.8 IISB (Cont'd)****7.8.3 CASH FLOW STATEMENTS**

	Year ended 31 August 2005 RM'000	16 months ended 31 December 2006 RM'000	Year ended 31 December		
			2007 RM'000	2008 RM'000	2009 RM'000
Net cash (from) /used in operating activities	(1)	(1)	(11)	(7,176)	7,170
Net cash from /(used in) financing activities	-	3	100	7,323	(7,173)
Net (decrease)/ increase in cash and cash equivalents	(1)	2	89	147	(3)
Cash and bank balances at beginning of year/period	1	-	2	91	238
Cash and balances at end of year/period	-	2	91	238	235

7.8.4 NOTES TO FINANCIAL STATEMENTS**(a) LOSS BEFORE TAX**

Loss before tax is arrived at after charging:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Auditors' remuneration					
- current year	300	300	500	500	500
Other services	-	-	-	1,000	1,000

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.8 IISB (Cont'd)****7.8.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(b) TAX EXPENSE****Reconciliation of effective tax expense:**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Loss before tax	(1,079)	(2,390)	(9,789)	(3,320)	(3,521)
Income tax using Malaysian tax rate	302	669	2,643	863	880
Non-deductible expenses	(302)	(669)	(2,643)	(863)	(880)
Tax expense	-	-	-	-	-

(c) PROPERTY DEVELOPMENT COST

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Development cost					
At 1 January	-	-	-	654,914	1,402,213
Additions	-	-	654,914	747,299	71,680
At 31 December	-	-	654,914	1,402,213	1,473,893

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.8 IISB (Cont'd)****7.8.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) SHARE CAPITAL**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Ordinary shares of RM1 each					
Authorised :					
Balance at 1 January	100,000	100,000	100,000	5,000,000	5,000,000
Increased during the year	-	-	4,900,000	-	-
Balance at 31 December	100,000	100,000	5,000,000	5,000,000	5,000,000
Issued and fully paid :					
Balance at 1 January	2	2	100,000	100,000	250,000
Issued at par, for cash	-	99,998	-	150,000	-
Balance at 31 December	2	100,000	100,000	250,000	250,000

(e) OTHER PAYABLES AND ACCRUALS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Amount due to companies which a Director has substantial financial interest	-	2,148	6,656,481	1,230,475	8,423,776
Others	1,476	1,164	894	1,000	52,657
	1,476	3,312	6,657,375	1,231,475	8,476,433

The amounts due to companies which a Director has substantial financial interest is unsecured, interest-free and repayable on demand.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.8 IISB (Cont'd)****7.8.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) CAPITAL COMMITMENT**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Authorised and contracted for :					
- Development land	-	-	69,000,000	43,000,000	43,000,000

(g) FINANCIAL INSTRUMENTS**Financial risk management objectives and policies**

The Company's principal activity is confined to property development but it did not undertake any development project during the financial period. Furthermore, it has no interest-bearing borrowings. Therefore, the Company is not exposed to any significant business risk other than the risk of an economic slowdown which may affect the timing of its property development activities.

Fair values

The carrying amounts of the financial assets and financial liabilities of the Company as at balance sheet date approximate their fair values.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB**

We set out below the income statements of IFSB for the financial period/years ended 31 December 2005 to 2009.

	Note	15 months	Year ended 31 December			
		ended 31.12.05 RM	2006 RM	2007 RM	2008 RM	2009 RM
Revenue	7.9.4(a)	2,078,299	521,703	1,462,528	594,264	1,501,433
Cost of sales	7.9.4(b)	(1,399,433)	(180,283)	(1,152,737)	(487,333)	(855,699)
Gross profit		678,866	341,420	309,791	106,931	645,734
Administrative expenses		(363,218)	(356,537)	(407,987)	(495,538)	(628,068)
Other operating income		4,680	3,914	1,336	672	1,897
Profit/(Loss) before tax	7.9.4(c)	320,328	(11,203)	(96,860)	(387,935)	19,563
Tax expense	7.9.4(d)	(69,216)	14,092	17,466	-	-
Profit/(Loss) for the period/year		251,112	2,889	(79,394)	(387,935)	19,563
Weighted average number of shares in issue during the period/year		100,000	100,000	100,000	100,000	100,000
Earnings/(Loss) per share (RM)						
- Gross		*2.56	(0.11)	(0.97)	(3.88)	0.20
- Net		*2.01	0.03	(0.79)	(3.88)	0.20
Gross profit margin (%)		32.66	65.44	21.18	17.99	43.01
PBT margin (%)		15.41	(2.15)	(6.62)	(65.28)	1.30
PAT margin (%)		12.08	0.55	(5.43)	(65.28)	1.30
Debtors' turnover period (months)		1.17	4.00	6.35	3.59	4.42
Creditors' turnover period (months)		5.65	31.36	10.50	7.48	13.30

* - Annualised

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.1 BALANCE SHEETS**

We set out below the balance sheets of IFSB as at 31 December 2005 to 2009.

		As at 31 December				
	Note	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Assets						
Property, plant and equipment	7.9.4(e)	110,304	96,875	94,898	101,319	94,163
Total non-current assets		110,304	96,875	94,898	101,319	94,163
Trade receivables	7.9.4(f)	161,451	173,828	773,258	177,655	552,911
Other receivables and deposits	7.9.4(g)	586,042	590,306	431,485	119,738	207,678
Tax recoverable		55,543	70,635	12,710	18,710	6,000
Cash and bank balances	7.9.4(h)	177,563	144,686	201,691	17,581	245,138
Total current assets		980,599	979,455	1,419,144	333,684	1,011,727
Total assets		1,090,903	1,076,330	1,514,042	435,003	1,105,890
Share capital	7.9.4(i)	100,000	100,000	100,000	100,000	100,000
Retained earnings		423,687	426,576	347,182	(40,753)	(21,190)
Total equity		523,687	526,576	447,182	59,247	78,810
Liabilities						
Deferred tax liabilities		8,500	9,500	-	-	-
Total non-current liabilities		8,500	9,500	-	-	-
Trade payables		527,295	471,074	1,008,208	303,683	948,305
Other payables and accruals		31,421	69,180	58,652	72,073	78,775
Total current liabilities		558,716	540,254	1,066,860	375,756	1,027,080

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.1 BALANCE SHEETS (Cont'd)**

	As at 31 December				
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Total liabilities	567,216	549,754	1,066,860	375,756	1,027,080
Total equity and liabilities	1,090,903	1,076,330	1,514,042	435,003	1,105,890
Number of ordinary shares	100,000	100,000	100,000	100,000	100,000
Net tangible assets per ordinary share (RM)	5.24	5.27	4.47	0.59	0.79

7.9.2 STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	Retained earnings RM'000	Total RM'000
At 1 October 2005	100	172	272
Profit for the period	-	251	251
At 31 December 2005	100	423	523
Profit for the year	-	3	3
At 31 December 2006	100	426	526
Loss for the year	-	(79)	(79)
At 31 December 2007	100	347	447
Loss for the year	-	(388)	(388)
At 31 December 2008	100	(41)	59
Profit for the year	-	20	20
At 31 December 2009	100	(21)	79

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.3 CASH FLOW STATEMENTS**

	15 months ended 31.12.05 RM'000	2006 RM'000	Year ended 31 December		
			2007 RM'000	2008 RM'000	2009 RM'000
Net cash from/(used in) operating activities	23	(33)	69	(162)	238
Net cash (used in)/from investing activities	(11)	1	(12)	(22)	(10)
Net increase/(decrease) in cash and cash equivalents	12	(32)	57	(184)	228
Cash and cash equivalents at beginning of period/year	165	177	145	202	18
Cash and cash equivalents at end of period/year	177	145	202	18	246

7.9.4 NOTES TO FINANCIAL STATEMENTS**(a) REVENUE**

Revenue comprises :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Contract revenue	2,078,299	521,703	1,462,528	594,264	1,501,433

(b) COST OF SALES

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Contract expenses	1,399,433	180,283	1,152,737	487,333	855,699

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) PROFIT/(LOSS) BEFORE TAX**

Profit/(loss) before tax is arrived at after charging:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Auditors' remuneration					
- current year	1,500	1,200	1,500	1,500	1,500
- prior year	-	(300)	-	-	-
- other services	-	-	-	3,000	3,000
Depreciation of property, plant and equipment (Note 7.9.4.(e))	16,220	12,899	13,985	15,109	17,115
Directors' emoluments					
- fees	60,000	30,000	(8,000)	(1,000)	-
- others	-	40,320	67,200	67,200	67,200
Rental expense	-	4,500	12,000	16,500	18,000
Plant and equipment written off	-	-	-	442	-
Bad debt written off	-	-	-	1,560	-
Staff costs	223,136	233,690	252,220	279,054	396,249
and after crediting :					
Interest income	4,678	3,914	1,336	672	1,797

(d) TAX EXPENSE

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current tax expense					
- Current year	(64,400)	-	-	-	-
- Prior year	(5,216)	15,092	7,966	-	-
	(69,616)	15,092	7,966	-	-
Deferred tax expense					
- Origination of temporary differences	(400)	1,200	9,500	-	-
- Prior year	-	(2,200)	-	-	-
	(69,216)	14,092	17,466	-	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) TAX EXPENSE (Cont'd)****Reconciliation of effective tax expense:**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Profit/(Loss) before tax	320,328	(11,203)	(96,860)	(387,935)	19,563
Income tax using Malaysian tax rate	(89,692)	3,137	26,152	100,863	(4,891)
Non-deductible expenses	(59)	(1,937)	(2,016)	(938)	(2,709)
Utilisation of unabsorbed capital allowances	-	-	-	-	6,427
Net deferred tax movements not recognised	-	-	(14,636)	(99,925)	1,173
Reduced tax rate on first RM500,000 chargeable income	25,751	--	--	--	--
	(64,000)	1,200	9,500	-	-
(Over)/Under provision in prior year	(5,216)	12,892	7,966	-	-
Tax expense	(69,216)	14,092	17,466	-	-

(e) PROPERTY, PLANT AND EQUIPMENT

	Office equipment RM	Furniture and fittings RM	Computer RM	Total RM
<i>Cost</i>				
At 1 January 2005	1,599	101,386	16,810	119,795
Additions	-	10,078	430	10,508
At 31 December 2005	1,599	111,464	17,240	130,303
<i>Depreciation</i>				
At 1 January 2005	93	3,060	626	3,779
Charge for the year	187	13,891	2,142	16,220
At 31 December 2005	280	16,951	2,768	19,999
<i>Carrying amount</i>				
At 31 December 2005	1,319	94,513	14,472	110,304

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.9 IFSB (Cont'd)

7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Office equipment RM	Furniture and fittings RM	Computer RM	Total RM
<i>Cost</i>				
At 1 January 2006	1,599	111,464	17,240	130,303
Reclassification	-	-	(530)	(530)
At 31 December 2006	1,599	111,464	16,710	129,773
<i>Depreciation</i>				
At 1 January 2006	280	16,951	2,768	19,999
Charge for the year	160	11,147	1,592	12,899
At 31 December 2006	440	28,098	4,360	32,898
<i>Carrying amount</i>				
At 31 December 2006	1,159	83,366	12,350	96,875

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Office equipment RM	Furniture and fittings RM	Computer RM	Total RM
<i>Cost</i>				
At 1 January 2007	1,599	111,464	16,710	129,773
Additions	-	-	12,008	12,008
At 31 December 2007	1,599	111,464	28,718	141,781
<i>Depreciation</i>				
At 1 January 2007	440	28,097	4,361	32,898
Charge for the year	160	11,147	2,678	13,985
At 31 December 2007	600	39,244	7,039	46,883
<i>Carrying amount</i>				
At 31 December 2007	999	72,220	21,679	94,898

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Office equipment RM	Furniture and fittings RM	Computer RM	Renovation RM	Total RM
<i>Cost</i>					
At 1 January 2008	1,599	111,464	28,718	-	141,781
Additions	310	-	12,682	8,980	21,972
Write off	-	-	(730)	-	(730)
At 31 December 2008	1,909	111,464	40,670	8,980	163,023
<i>Depreciation</i>					
At 1 January 2008	600	39,244	7,039	-	46,883
Charge for the year	204	11,146	3,684	75	15,109
Write off	-	-	(288)	-	(288)
At 31 December 2008	804	50,390	10,435	75	61,704
<i>Carrying amount</i>					
At 31 December 2008	1,105	61,074	30,235	8,905	101,319

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Office equipment RM	Furniture and fittings RM	Computer RM	Renovation RM	Total RM
<i>Cost</i>					
At 1 January 2009	1,909	111,464	40,670	8,980	163,023
Additions	880	-	6,079	3,000	9,959
At 31 December 2009	<u>2,789</u>	<u>111,464</u>	<u>46,749</u>	<u>11,980</u>	<u>172,982</u>
<i>Depreciation</i>					
At 1 January 2009	804	50,390	10,435	75	61,704
Charge for the year	257	11,146	4,514	1,198	17,115
At 31 December 2009	<u>1,061</u>	<u>61,536</u>	<u>14,949</u>	<u>1,273</u>	<u>78,819</u>
<i>Carrying amount</i>					
At 31 December 2009	<u>1,728</u>	<u>49,928</u>	<u>31,800</u>	<u>10,707</u>	<u>94,163</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) TRADE RECEIVABLES**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
- Amount due from a company which a Director has substantial financial interest	-	-	36,347	-	-
- Others	161,451	173,828	736,911	177,655	552,911
	<u>161,451</u>	<u>173,828</u>	<u>773,258</u>	<u>177,655</u>	<u>552,911</u>

(g) OTHER RECEIVABLES AND DEPOSITS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
- Amount due from companies which Directors have substantial financial interest	462,447	590,306	431,485	119,738	207,678
- Others	123,595	-	-	-	-
	<u>586,042</u>	<u>590,306</u>	<u>431,485</u>	<u>119,738</u>	<u>207,678</u>

Amount due from companies which Directors have substantial financial interest is unsecured, interest free and repayable on demand.

(h) CASH AND BANK BALANCES

The effective interest rate earned from bank balance as at 31 December 2009 is 1.05% per annum.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(i) SHARE CAPITAL**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Ordinary shares of RM1 each					
Authorised :					
Balance at 31 December	100,000	100,000	100,000	100,000	100,000
Issued and fully paid :					
Balance at 31 December	100,000	100,000	100,000	100,000	100,000

(j) RELATED PARTY TRANSACTIONS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Contract income from companies in which the directors of the Company have substantial financial interests	-	249,298	36,347	-	-
Rental expenses paid to a company in which the directors of the Company have substantial financial interests	-	-	12,000	16,500	18,000

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(k) COMMITMENT**

Cancellable operating lease commitments

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Future minimum rental payable					
Not later than one year	-	-	-	18,000	1,500
Later than one year and not later than five years	-	-	-	1,500	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,500</u>	<u>1,500</u>

Operating lease commitments represent rental payable for use of building. Leases are negotiated for a term of two years.

(l) FINANCIAL INSTRUMENTS**Financial risk management objectives and policies**

The Company's financial risk management policy seeks to ensure that adequate resources are available for the development of the Company's business whilst managing its credit and liquidity risks. The Board reviews regularly the policies in place to manage these risks as summarised below.

11. ACCOUNTANTS' REPORT (Cont'd)

**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.9 IFSB (Cont'd)****7.9.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(I) FINANCIAL INSTRUMENTS (Cont'd)****Credit risk**

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associates to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Company's management reporting procedures.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

Liquidity risk

The Company actively manages its operating cash flows and availability of funding so as to ensure that its working capital requirements are met.

Fair values

The carrying amounts of the financial assets and financial liabilities of the Company as at balance sheet date approximate their fair values.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.10 ITSSB**

We set out below the income statements of ITSSB for the financial period/years ended 31 December 2007 to 2009.

	Note	9.10.07 to 31.12.07 RM	Year ended 31 December	
			2008 RM	2009 RM
Revenue		-	-	439,965
Administrative expenses		(4,686)	(26,259)	(87,155)
Other operating income		-	701	12,207
(Loss)/Profit before tax	7.10.4(a)	(4,686)	(25,558)	365,017
Tax expense	7.10.4(b)	-	-	(71,600)
(Loss)/Profit for the period/year		(4,686)	(25,558)	293,417
Weighted average number of shares in issue during the period/ year		2	2	2
(Loss) /Earnings per share (RM)				
- Gross		*(9,372)	(12,779)	182,509
- Net		*(9,372)	(12,779)	146,709
PBT margin (%)		-	-	82.97
PAT margin (%)		-	-	66.70

* Annualised

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.10 ITSSB (Cont'd)****7.10.1 BALANCE SHEETS**

We set out below the balance sheets of ITSSB as at 31 December 2007 to 2009.

	Note	As at 31 December		
		2007 RM	2008 RM	2009 RM
Assets				
Property, plant and equipment	7.10.4(c)	-	25,957	125,911
Total non-current assets		-	25,957	125,911
Sundry receivables and deposits	7.10.4(d)	-	10,800	35,057
Cash and bank balances		2	658,453	442,078
Total current assets		2	669,253	477,135
Total assets		2	695,210	603,046
Equity				
Share capital	7.10.4(e)	2	2	2
(Accumulated losses) /Retained earnings		(4,686)	(30,244)	263,173
Total equity		(4,684)	(30,242)	263,675
Non-current Liabilities				
Deferred tax liabilities		-	-	6,600
Current Liabilities				
Sundry payables, accruals and deposits	7.10.4(f)	4,686	725,452	268,271
Provision for taxation		-	-	65,000
Total current liabilities		4,686	725,452	332,771
Total liabilities		4,686	725,452	339,371
Total equity and liabilities		2	695,210	603,046
Number of ordinary shares		2	2	2
Net liabilities/Net tangible assets per ordinary share (RM)		(2,342)	(15,121)	131,838

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.10 ITSSB (Cont'd)****7.10.2 STATEMENT OF CHANGES IN EQUITY**

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
At date of incorporation	-*	-	-*
Profit for the period	-	(5)	(5)
At 31 December 2007	-*	(5)	(5)
Loss for the year	-	(25)	(25)
At 31 December 2008	-*	(30)	(30)
Profit for the year	-	294	294
At 31 December 2009	-*	264	264

* This represent share capital of RM2.

7.10.3 CASH FLOW STATEMENTS

	9.10.07 to 31.12.07 RM'000	Year ended 31 December	
		2008 RM'000	2009 RM'000
Net cash from/(used in) operating activities	-	684	(107)
Net cash used in investing activities	-	(26)	(109)
Net increase/(decrease) in cash and cash equivalents	-	658	(216)
Cash and bank balances at beginning of period /year	-	-	658
Cash and bank balances at end of period /year	-	658	442

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.10 ITSSB (Cont'd)****7.10.4 NOTES TO FINANCIAL STATEMENTS****(a) (LOSS) /PROFIT BEFORE TAX**

(Loss) /Profit before tax is arrived at after charging:

	2007 RM	2008 RM	2009 RM
Auditors' remuneration			
- current year	500	1,000	500
- overprovision in prior year	-	-	(500)
- other services	-	1,000	1,000
Depreciation of property, plant and equipment (Note 7.10.4.(c))	-	269	11,570
Rental expense	-	21,450	7,798
and after crediting :			
Interest income	-	701	2,382

(b) TAX EXPENSE

	2007 RM	2008 RM	2009 RM
Current tax expense			
- Current year	-	-	(65,000)
	-	-	(65,000)
Deferred tax expense			
- Origination of temporary differences	-	-	(6,600)
	-	-	(71,600)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.10 ITSSB (Cont'd)****7.10.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(b) TAX EXPENSE (Cont'd)****Reconciliation of effective tax expense:**

	2007 RM	2008 RM	2009 RM
(Loss) /Profit before tax	(4,686)	(25,558)	365,017
Income tax using Malaysian tax rate	1,265	6,645	(91,254)
Non-deductible expenses	(1,265)	(6,645)	(1,923)
Deferred tax assets previously not recognised	-	-	5,442
Reduced tax rate on first RM500,000 chargeable income	-	-	16,135
Tax expense	-	-	(71,600)

(c) PROPERTY, PLANT AND EQUIPMENT

	Computer RM	Total RM
<i>Cost</i>		
At 1 January 2008	-	-
Additions	26,226	26,226
At 31 December 2008	26,226	26,226
<i>Depreciation</i>		
At 1 January 2008	-	-
Charge for the year	269	269
At 31 December 2008	269	269
<i>Carrying amount</i>		
At 31 December 2008	25,957	25,957

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.10 ITSSB (Cont'd)****7.10.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	Office equipment RM	Furniture and fittings RM	Computer RM	Renovation RM	Total RM
<i>Cost</i>					
At 1 January 2009	-	-	26,226	-	26,226
Additions	20,765	25,333	5,343	60,083	111,524
At 31 December 2009	<u>20,765</u>	<u>25,333</u>	<u>31,569</u>	<u>60,083</u>	<u>137,750</u>
<i>Depreciation</i>					
At 1 January 2009	-	-	269	-	269
Charge for the year	1,589	2,471	3,044	4,466	11,570
At 31 December 2009	<u>1,589</u>	<u>2,471</u>	<u>3,313</u>	<u>4,466</u>	<u>11,839</u>
<i>Carrying amount</i>					
At 31 December 2009	<u>19,176</u>	<u>22,862</u>	<u>28,256</u>	<u>55,617</u>	<u>125,911</u>

(d) SUNDRY RECEIVABLES AND DEPOSITS

	2007 RM	2008 RM	2009 RM
Amount due from a company in which a Director of the Company has substantial financial interest	-	-	9,684
Others	-	10,800	25,373
	<u>-</u>	<u>10,800</u>	<u>35,057</u>

Amount due from a company in which a Director has substantial financial interest is unsecured, interest free and repayable on demand.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.10 ITSSB (Cont'd)****7.10.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) SHARE CAPITAL**

	2007 RM	2008 RM	2009 RM
Ordinary shares of RM1 each			
Authorised :			
Balance at 31 December	100,000	100,000	100,000
Issued and fully paid :			
Balance at 31 December	2	2	2

(f) SUNDRY PAYABLES, ACCRUALS AND DEPOSITS

	2007 RM	2008 RM	2009 RM
- Amount due to companies which a Director of the Company has substantial financial interest	4,186	44,514	53,259
- Others	500	680,938	215,012
	4,686	725,452	268,271

Amount due to companies in which a Director of the Company has substantial financial interest is unsecured, interest free and repayable on demand.

(g) RELATED PARTY TRANSACTIONS

	2007 RM	2008 RM	2009 RM
Rental charged by a company in which a Director of the Company has substantial financial interest	-	21,450	7,798

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.10 ITSSB (Cont'd)****7.10.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(h) CAPITAL COMMITMENT**

	2007 RM	2008 RM	2009 RM
Authorised and contracted for :			
- Property, plant and equipment	-	25,200	14,400

(i) FINANCIAL INSTRUMENTS

The Company's principal activity is confined to the provision of management services and it has no external borrowings. In view of the foregoing, the Company is not exposed to any significant business risks.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Liquidity risk

The Company actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

Fair values

The carrying amounts of the financial assets and financial liabilities of the Company as at balance sheet date approximate their fair values.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.11 IUSB**

We set out below the income statements of IUSB for the financial period/year ended 31 December 2008 to 2009.

	Note	6.10.08 to 31.12.08 RM	Year ended 31 December 2009 RM
Other operating income		-	85
Administrative expenses		(4,000)	(2,959)
Loss before tax	7.11.4(a)	(4,000)	(2,874)
Tax expense		-	-
Loss for the period/ year		(4,000)	(2,874)
Weighted average number of shares in issue during the period/year		2	2
Loss per share (RM)			
- Gross		*(8,000)	(1,437)
- Net		*(8,000)	(1,437)

*Annualised

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.11 IUSB (Cont'd)****7.11.1 BALANCE SHEETS**

We set out below the balance sheets of IUSB as at 31 December 2008 and 2009.

	Note	As at 31 December	
		2008	2009
		RM	RM
Assets			
Cash and bank balances		2	1,145
Total current assets		2	1,145
Total assets		2	1,145
Equity			
Share capital	7.11.4(b)	2	2
Accumulated losses		(4,000)	(6,874)
Total equity		(3,998)	(6,872)
Liabilities			
Payables and accruals	7.11.4(c)	4,000	8,017
Total current liabilities		4,000	8,017
Total liabilities		4,000	8,017
Total equity and liabilities		2	1,145
Number of ordinary shares		2	2
Net liabilities per ordinary share (RM)		(1,999)	(3,436)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.11 IUSB (Cont'd)****7.11.2 STATEMENTS OF CHANGES IN EQUITY**

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At date of incorporation	-*	-	-*
Profit for the period	-	(4)	(4)
At 31 December 2008	-*	(4)	(4)
Profit for the year	-	(3)	(3)
At 31 December 2009	-*	(7)	(7)

* - The share capital is only RM2

7.11.3 CASH FLOW STATEMENTS

	6.10.08 to 31.12.08 RM'000	Year ended 31 December 2009 RM'000
Net movement in cash	-	1
Cash and cash equivalents at beginning of period/ year	-	-
Cash and cash equivalents at end of period/ year	-	1

7.11.4 NOTES TO FINANCIAL STATEMENTS**(a) LOSS BEFORE TAX**

Loss before tax is arrived at after charging:

	2008 RM	2009 RM
Auditors' remuneration	500	1,000

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.11 IUSB (Cont'd)****7.11.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(b) SHARE CAPITAL**

	2008 RM	2009 RM
Ordinary shares of RM1 each		
Authorised :		
Balance at 31 December	100,000	100,000
Issued and fully paid :		
Balance at 31 December	2	2

(c) PAYABLES AND ACCRUALS

	2008 RM	2009 RM
Non-trade		
Sundry payables	3,500	3,500
Amount due to companies in which certain Directors have substantial financial interests	-	3,517
Accrued expenses	500	1,000
	<u>4,000</u>	<u>8,017</u>

The amounts due to companies which certain Directors have substantial financial interests are unsecured, interest-free and repayable on demand.

(d) FINANCIAL INSTRUMENTS**Financial risk management**

Exposure to liquidity risk arise in the normal course of the Company's business. The Company's risk management is basically guided and monitored by the Board of Directors of the Company as summarised below :

11. ACCOUNTANTS' REPORT (Cont'd)



7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.11 IUSB (Cont'd)

7.11.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(d) FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk

The shareholders have agreed to provide continuing financial support to the Company to enable the Company to meet its obligations as and when they fall due.

Fair values

Recognised financial instruments

The carrying amounts of cash in hand and payables approximate fair values due to the relatively short term nature of these financial instruments.

There were no unrecognised financial instruments at balance sheet date.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.12 Sunlink**

We set out below the income statements of Sunlink for the financial period ended 31 December 2009.

	Note	22.10.2008 (date of incorporation) to 31.12.2009 RM
Revenue	7.12.4(a)	945,740
Cost of sales		(503,566)
Gross profit		<u>442,174</u>
Administrative expenses		(887,699)
Other operating income		4,168
Loss before taxation	7.12.4(b)	<u>(441,357)</u>
Tax expense	7.12.4(c)	-
Loss for the period		<u><u>(441,357)</u></u>
Weighted average number of shares in issue during the period		100,000
Loss per share (RM)		
- Gross		*3.78
- Net		*3.78
Gross profit margin (%)		46.75
PBT margin (%)		(46.67)
PAT margin (%)		(46.67)
Creditors' turnover period (months)		1.09
Inventories' turnover period (months)		1.08

*Annualised

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.12 Sunlink (Cont'd)****7.12.1 BALANCE SHEETS**

We set out below the balance sheet of Sunlink as at 31 December 2009 :

	Note	31 December 2009 RM
Assets		
Non-current assets		
Property, plant and equipment	7.12.4(d)	1,035,812
Intangible asset	7.12.4(e)	105,000
		1,140,812
Current assets		
Inventories	7.12.4(f)	45,503
Trade receivable		117
Other receivables and deposits	7.12.4(g)	94,055
Cash and bank balances		34,697
Total current assets		174,372
Total assets		1,315,184
Equity		
Share capital	7.12.4(h)	100,000
Accumulated loss		(441,357)
Total equity		(341,357)
Liabilities		
Trade payables		42,225
Other payables and accruals	7.12.4(i)	97,645
Amount due to director	7.12.4(j)	1,516,671
Total liabilities		1,656,541
Total equity and liabilities		1,315,184
Number of ordinary shares		100,000
Net liabilities per ordinary share (RM)		3.41

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.12 Sunlink (Cont'd)****7.12.2 STATEMENTS OF CHANGES IN EQUITY**

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
At date of incorporation	-*	-	-*
Cash allotment, at par	100	-	100
Loss for the period	-	(441)	(441)
At 31 December 2009	<u>100</u>	<u>(441)</u>	<u>(341)</u>

7.12.3 CASH FLOW STATEMENTS

	22.10.2008 (date of incorporation) to 31.12.2009 RM'000
Net cash used in operating activities	(360)
Net cash used in investing activities	(1,222)
Net cash from financing activities	1,617
Net increase in cash and cash equivalents	<u>35</u>
Cash and cash equivalents at date of incorporation	-
Cash and cash equivalents at end of period	<u>35</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.12 Sunlink (Cont'd)****7.12.4 NOTES TO FINANCIAL STATEMENTS****(a) REVENUE**

Revenue represents the value of the food and beverages sold.

(b) LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2009
	RM
Auditors' remuneration	3,000
Depreciation of property, plant and equipment (Note 7.12.4.(d))	66,180
Amortisation of franchise fees	15,000
Preliminary expenses	1,365
Loss on disposal of property, plant and equipment	65
Rental expense	138,677
Staff cost	179,794
and after crediting :	
Interest income	<u>474</u>

(c) TAX EXPENSE**Reconciliation of effective tax expense:**

	2009
	RM
Loss before tax	<u>(441,357)</u>
Income tax using Malaysian tax rate	(110,339)
Non-deductible expenses	575
Deferred tax assets not recognised	109,764
Tax expense	<u>-</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.12 Sunlink (Cont'd)****7.12.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) PROPERTY, PLANT AND EQUIPMENT**

	Kitchen equipment RM	Office equipment RM	Renovation RM	Total RM
<i>Cost</i>				
Additions	455,985	131,958	517,441	1,105,384
Disposals	(269)	(3,149)	-	(3,418)
At 31 December 2009	<u>455,716</u>	<u>128,809</u>	<u>517,441</u>	<u>1,101,966</u>
<i>Depreciation</i>				
Charge for the year	31,006	8,084	27,090	66,180
Disposals	(1)	(25)	-	(26)
At 31 December 2009	<u>31,005</u>	<u>8,059</u>	<u>27,090</u>	<u>66,154</u>
<i>Carrying amount</i>				
At 31 December 2009	<u>424,711</u>	<u>120,750</u>	<u>490,351</u>	<u>1,035,812</u>

(e) INTANGIBLE ASSET

	2009 RM
<i>Cost</i>	
Franchise fees, at cost	120,000
Less: amortisation	(15,000)
Net carrying amount	<u>105,000</u>

(f) INVENTORIES

	2009 RM
<i>At cost:</i>	
Food and beverages	34,155
Packing materials	11,348
	<u>45,503</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.12 Sunlink (Cont'd)****7.12.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(g) OTHER RECEIVABLES AND DEPOSITS**

	2009 RM
Amount due from companies in which certain Directors have substantial financial interests	3,829
Other	90,226
	<u>94,055</u>

The amounts due to companies which certain Directors have substantial financial interests are unsecured, interest-free and repayable on demand

(h) SHARE CAPITAL

	2009 RM
Ordinary shares of RM1 each	
Authorised :	
Balance at incorporation/ 31 December 2009	<u>100,000</u>
Issued and fully paid :	
Balance at incorporation	2
Issued at par, for cash	99,998
Balance at 31 December 2009	<u>100,000</u>

(i) OTHER PAYABLES AND ACCRUALS

The amount due to a director is unsecured, interest free and is repayable on demand.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.12 Sunlink (Cont'd)****7.12.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(j) AMOUNT DUE TO A DIRECTOR**

The amount due to a director is unsecured, interest free and is repayable on demand.

(k) RELATED PARTY TRANSACTIONS

	2009 RM
Rental of premises paid to a company in which a Director of the Company has controlling interest	129,710
Rental of condominium paid to a company in which a Director of the Company has controlling interest	<u>4,467</u>

(l) FINANCIAL INSTRUMENTS

The Company's financial risk management policy seeks to ensure that adequate resources are available for the development of the Company's business whilst managing its credit and liquidity risks. The Board reviews regularly the policies in place to manage these risks as summarised below.

Credit risk

The Company does not have any significant exposure to any individual customer.

As the Company's transactions are on cash basis, its credit risk is minimal.

Liquidity risk

The Company actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayments and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

Fair values

The carrying amounts of financial assets and financial liabilities of the Company as at balance sheet date approximate their fair values.


11. ACCOUNTANTS' REPORT (Cont'd)




8. SUBSEQUENT EVENTS

There were no significant events between the date of the last financial statements used in the preparation of the report and the date of this report which will affect materially the contents of this report.

Yours faithfully,


KPMG
Firm No : AF : 0758
Chartered Accountants


Ooi Kok Seng
Partner
Approval Number : 2432/05/11 (J)

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX I

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Chartered Accountants
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Report of the auditors to the members of Ivory Properties Group Sdn. Bhd.

(Company No. 673211 - M)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 13. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - i) the state of affairs of the Company at 31 December 2005 and the results and cash flows for the period ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

KPMG
Firm Number : AF 0758
Chartered Accountants

Penang,

Date : 12 April 2006

Ooi Kok Seng
Partner
Approval Number : 2432/05/07 (J)

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX I

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KPMG (Firm No. AF 0758)
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Report of the auditors to the members of Ivory Properties Group Berhad

(Formerly known as Ivory Properties Group Sdn. Bhd.)
(Company No. 673211 - M)
(Incorporated in Malaysia)


We have audited the financial statements set out on pages 7 to 13. The preparation of the financial statements is the responsibility of the Company's Directors.


It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :
- i) the state of affairs of the Company at 31 December 2006 and the results and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;
- and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


KPMG
Firm Number : AF 0758
Chartered Accountants


Ooi Kok Seng
Partner
Approval Number : 2432/05/07 (J)

Penang,
Date : 16 MAR 2007

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX I

6



KPMG (Firm No. AF 0758)
Chartered Accountants
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10050 Penang, Malaysia.

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Fax +60 (4) 227 1888
Internet www.kpmg.com.my

**Report of the auditors to the members of
Ivory Properties Group Berhad**

(Formerly known as Ivory Properties Group Sdn. Bhd.)
(Company No. 673211 - M)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 16. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :
- i) the state of affairs of the Company at 31 December 2007 and its results and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;
- and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

KPMG
Firm Number : AF 0758
Chartered Accountants

Penang,

Date : 07 JULY 2008

Ooi Kok Seng
Partner
Approval Number : 2432/05/09 (J)



KPMG (Firm No. AF 0758)
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Independent auditors' report to the members of Ivory Properties Group Berhad

(Company No. 673211 - M)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ivory Properties Group Berhad, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 14.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



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Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the year then ended.


Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.


KPMG
AF0758
Chartered Accountants


Ooi Kok Seng
2432/05/09 (J)
Chartered Accountant

Date : 8 May 2009

Penang



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Independent auditors' report to the members of Ivory Properties Group Berhad

(Company No. 673211 - M)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ivory Properties Group Berhad, which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 15.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

KPMG
AF0758
Chartered Accountants

Ooi Kok Seng
2432/05/11 (J)
Chartered Accountant

Date : 18 March 2010

Penang

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 2

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KHOO KHAI HONG & CO
Chartered Accountants
102A Madras Lane
10400 Penang, Malaysia
Tel: 04-2268821, Fax: 04-2277585

**Report of the auditors to the members of
IVORY ASSOCIATES SDN. BHD.**

(Company No. 485576-P)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 9 to 44. The preparation of the financial statement is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion –

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2005 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act

The subsidiary in respect of which we have not acted as auditors is identified in Note 3 to the financial statements and we have considered its financial statements and the auditors' report thereon.


11. ACCOUNTANTS' REPORT (Cont'd)


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Company No. 485576-P

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

The audit report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.


KHOO KHAI HONG & CO.
No. AF-0199
Chartered Accountants


KHOO KHAI HONG AUDITOR
10/3/07 (J)
Chartered Accountant

Penang

Date: 12 JUN 2006



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Report of the auditors to the members of Ivory Associates Sdn. Bhd.

(Company No. 485576 - P)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 10 to 42. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion :

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :

- i) the state of affairs of the Group and of the Company at 31 December 2006 and the results of their operations and cash flows for the year ended on that date; and
- ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the said Act.

11. ACCOUNTANTS' REPORT (Cont'd)



Company No. 485576 - P

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

The audit report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

The financial statements of the preceding year were audited by another firm of auditors whose report dated 12 June 2006 expressed an unqualified opinion on those financial statements.

A handwritten signature in black ink, appearing to be 'KPMG'.

KPMG
Firm Number : AF 0758
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Ooi Kok Seng'.

Ooi Kok Seng
Partner
Approval Number : 2432/05/09 (J)

Penang,

Date : 21 May 2007



Report of the auditors to the members of Ivory Associates Sdn. Bhd.

(Company No. 485576 - P)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 10 to 43. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :
 - i) the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;
- and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the said Act.

11. ACCOUNTANTS' REPORT (Cont'd)



Company No. 485576 - P

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

The audit report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

A handwritten signature in black ink, appearing to be 'W. M.', written over the KPMG logo.

KPMG
Firm Number : AF 0758
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Ooi Kok Seng'.

Ooi Kok Seng
Partner
Approval Number : 2432/05/09 (J)

Penang,

Date : 02 JUN 2003



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Independent auditors' report to the members of Ivory Associates Sdn. Bhd.

(Company No. 485576 - P)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ivory Associates Sdn. Bhd., which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 52.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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.



Company No. 485576 - P

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements


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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiary that has been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit report on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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.


KPMG
AF0758
Chartered Accountants


Ooi Kok Seng
2432/05/09 (J)
Chartered Accountant

Date : 8 May 2009

Penang



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55

Independent auditors' report to the members of Ivory Associates Sdn. Bhd.

(Company No. 485576 - P)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ivory Associates Sdn. Bhd., which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 52.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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.



Company No. 485576 - P

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiary that has been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit report on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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.

KPMG
AF0758
Chartered Accountants

Ooi Kok Seng
2432/05/11 (J)
Chartered Accountant

Date : 18 MAR 2010

Penang



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Report of the auditors to the members of Ivory Gleneary Sdn. Bhd.

(Company No. 548788 - M)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 23. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
- i) the state of affairs of the Company at 31 December 2005 and the results of its operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;
- and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

KPMG
Firm Number : AF 0758
Chartered Accountants

Ooi Kok Seng
Partner
Approval Number : 2432/05/07 (J)

Penang,

Date : 29 MAY 2006

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 3



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Chartered Accountants
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6

Report of the auditors to the members of Ivory Gleneary Sdn. Bhd.

(Company No. 548788 - M)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 22. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :
- i) the state of affairs of the Company at 31 December 2006 and the results of its operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;
- and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

Firm Number : AF 0758
Chartered Accountants

Ooi Kok Seng
Partner

Approval Number : 2432/05/09 (J)

Penang,

Date : 21 May 2007



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6

Report of the auditors to the members of Ivory Gleneary Sdn. Bhd.

(Company No. 548788 - M)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 23. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion :

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :

- i) the state of affairs of the Company at 31 December 2007 and the results of its operations and cash flows for the year ended on that date; and
- ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

KPMG
Firm Number : AF 0758
Chartered Accountants

Penang,

Date : 02 JAN 2008

Ooi Kok Seng
Partner
Approval Number : 2432/05/09 (J)



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Independent auditors' report to the members of Ivory Gleneary Sdn. Bhd.

(Company No. 548788 - M)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ivory Gleneary Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 31.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



Company No. 548788 - M

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/09 (J)
Chartered Accountant

Date : 5 May 2009

Penang



KPMG (Firm No. AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

Telephone +60 (4) 227 2288
Fax +60 (4) 227 1888
Internet www.kpmg.com.my

Independent auditors' report to the members of Ivory Gleneary Sdn. Bhd.

(Company No. 548788 - M)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ivory Gleneary Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 34.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



Company No. 548788 - M

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/11 (J)
Chartered Accountant

Date : 18 MAR 2010

Penang

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 5



KHOO KHAI HONG & CO
Chartered Accountants
102A Madras Lane
10400 Penang, Malaysia
Tel: 04-2268821, Fax: 04-2277585

Company No. 510587-P

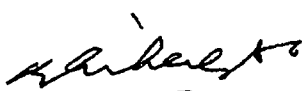
REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY SQUARE SDN. BHD.
(Incorporated in Malaysia)


We have audited the financial statements set out on pages 8 to 16. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion—

- (a) the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2005 and of its results and cash flows for the year ended on that date in accordance with the applicable approved accounting standards, and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


KHOO KHAI HONG & CO.
No. AF-0199
Chartered Accountants


KHOO KHAI HONG AUDITOR
10/3/07 (J)
Chartered Accountant

Penang: 12 JUN 2006

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 5

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

AF: 0042

Company No. 510587-P

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

**REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY SQUARE SDN. BHD.**

Company No. 510587-P

(Incorporated In Malaysia)

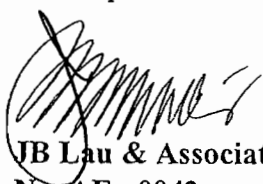
We have audited the financial statements set out on pages 7 to 22. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2006** and of its results and cash flows for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



JB Lau & Associates
No. AF : 0042
Chartered Accountants

Date : 5 January 2007



John Lau Tiang Hua
No. 1107/03/08 (J)

Chartered Accountants

Grant Thornton 

Company No. 510587-P

**REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY SQUARE SDN. BHD.
Company No. 510587-P
(Incorporated In Malaysia)**

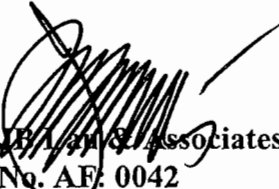
We have audited the financial statements set out on pages 7 to 24. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

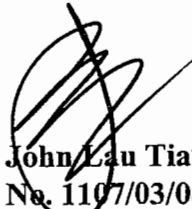
In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2007** and of its results and cash flows for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


JB Lau & Associates
No. AF: 0042

Chartered Accountants

Date: 25 January 2008


John Lau Tiang Hua, DJN
No. 1107/03/08 (J)

JB Lau & Associates (AF-0042)

51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
T (604) 228 7828
F (604) 227 9828
E info@sjgt-pg.com.my
W www.gt.com.my

Member of SJ Grant Thornton



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

IVORY SQUARE SDN. BHD.

Company No. 510587-P
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Ivory Square Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2008**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 29.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2008** and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A handwritten signature in black ink, appearing to read "Grant Thornton".

Grant Thornton
(formerly known as JB Lau & Associates)
No. AF : 0042
Chartered Accountants

A handwritten signature in black ink, appearing to read "John Lau".

John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant

Date : 20 March 2009

Penang



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IVORY SQUARE SDN. BHD.**

Company No. 510587-P
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Ivory Square Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2009**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 27.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



**Independent Auditors' Report To The Members Of
Ivory Square Sdn. Bhd. (cont'd)
Company No. 510587-P
(Incorporated In Malaysia)**

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2009** and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A handwritten signature in black ink, appearing to read 'John Lau Tiang Hua'.

Grant Thornton
AF : 0042
Chartered Accountants

A handwritten signature in black ink, appearing to read 'John Lau Tiang Hua'.

John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant

Date : 9 March 2010

Penang

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 6



KHOO KHAI HONG & CO

Chartered Accountants
102A Madras Lane
10400 Penang, Malaysia
Tel: 04-2268821, Fax: 04-2277585

Company No.517654-M

REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY PROPERTY MANAGEMENT SERVICES SDN. BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 8 to 14. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion—

- (a) the financial statements give a true and fair view of the state of affairs of the Company as at 30 June 2005 and of its results and cash flows for the year ended on that date in accordance with the applicable approved accounting standards, and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KHOO KHAI HONG & CO.
No. AF-0199
Chartered Accountants

KHOO KHAI HONG AUDITOR
10/3/07 (J)
Chartered Accountant

Penang: - 1 DEC 2005

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 6



KHOO KHAI HONG & CO

Chartered Accountants
102A Madras Lane
10400 Penang, Malaysia
Tel: 04-2268821, Fax: 04-2277585

Company No.517654-M

REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY PROPERTY MANAGEMENT SERVICES SDN. BHD.
(Incorporated in Malaysia)


We have audited the financial statements set out on pages 8 to 14. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion—

- (a) the financial statements give a true and fair view of the state of affairs of the Company as at 30 June 2006 and of its results and cash flows for the year ended on that date in accordance with the applicable approved accounting standards, and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


KHOO KHAI HONG & CO.
No. AF-0199
Chartered Accountants


KHOO KHAI HONG AUDITOR
10/3/07 (J)
Chartered Accountant

Penang: 23 AUG 2006

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 6

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

AF: 0042

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

Company No. 517654-M

**REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY PROPERTY MANAGEMENT SERVICES SDN. BHD.**

Company No. 517654-M

(Incorporated In Malaysia)

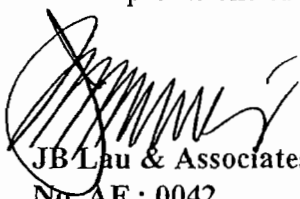
We have audited the financial statements set out on pages 7 to 19. The preparation of these financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2006** and of its results and cash flows for the period ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


JB Lau & Associates
No. AF : 0042

Chartered Accountants

Date : 5 January 2007


John Lau Tiang Hua
No. 1107/03/08 (J)

Chartered Accountants

Grant Thornton 

Company No. 517654-M

**REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY PROPERTY MANAGEMENT SERVICES SDN. BHD.**

**Company No. 517654-M
(Incorporated In Malaysia)**

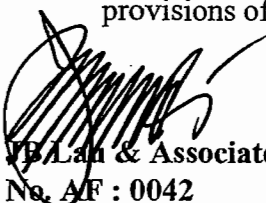
We have audited the financial statements set out on pages 7 to 20. The preparation of these financial statements is the responsibility of the Company's directors.

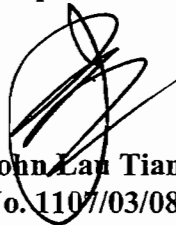
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of :
- (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (ii) the state of affairs of the Company at **31 December 2007** and of its results and cash flows for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


JB Lau & Associates
No. AF : 0042
Chartered Accountants
Date : 25 January 2008


John Lau Tiang Hua, DJN
No. 1107/03/08 (J)



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IVORY PROPERTY MANAGEMENT SERVICES SDN. BHD.**

Company No. 517654-M
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Ivory Property Management Services Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2008**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 25.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2008** and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A stylized signature of Grant Thornton, written in black ink.

Grant Thornton
(formerly known as JB Lau & Associates)

No. AF : 0042

Chartered Accountants

A handwritten signature in black ink, appearing to read "John Lau".

John Lau Tiang Hua, DJN

Partner

No. 1107/03/10 (J)

Chartered Accountant

Date : 20 March 2009

Penang



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IVORY PROPERTY MANAGEMENT SERVICES SDN. BHD.**

Company No. 517654-M
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Ivory Property Management Services Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2009**, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 26.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



**Independent Auditors' Report To The Members Of
Ivory Property Management Services Sdn. Bhd. (cont'd)
Company No. 517654-M
(Incorporated In Malaysia)**

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2009** and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A handwritten signature in black ink, appearing to read "Grant Thornton".

**Grant Thornton
No. AF : 0042
Chartered Accountants**

A handwritten signature in black ink, appearing to read "John Lau Tiang Hua".

**John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant**

Date : 9 March 2010

Penang



KHOO KHAI HONG & CO

Chartered Accountants
102A Madras Lane
10400 Penang, Malaysia
Tel: 04-2268821, Fax: 04-2277585

Company No.527624-W

REPORT OF THE AUDITORS TO THE MEMBERS OF
G & A CONSULTANCY SDN. BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 8 to 14. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion—

- (a) the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2005 and of its results and cash flows for the year ended on that date in accordance with the applicable approved accounting standards, and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KHOO KHAI HONG & CO.
No. AF-0199
Chartered Accountants

KHOO KHAI HONG AUDITOR
10/3/07 (J)
Chartered Accountant

Penang: 31 MAR 2006

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 7

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

AF: 0042

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

Company No. 527624-W

**REPORT OF THE AUDITORS TO THE MEMBERS OF
G & A CONSULTANCY SDN. BHD.**


Company No. 527624-W
(Incorporated In Malaysia)

We have audited the financial statements set out on pages 7 to 21. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
- (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2006** and of its results and cash flows for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.



JB Lau & Associates
No. AF : 0042

Chartered Accountants
Date : 5 January 2007



John Lau Tiang Hua
No. 1107/03/08 (J)

Chartered Accountants

Company No. 527624-W

Grant Thornton 

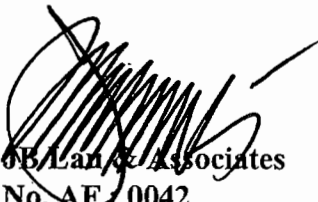
**REPORT OF THE AUDITORS TO THE MEMBERS OF
G & A CONSULTANCY SDN. BHD.
Company No. 527624-W
(Incorporated In Malaysia)**

We have audited the financial statements set out on pages 7 to 22. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.


We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2007** and of its results and cash flows for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.


JB Lau & Associates
No. AE 0042

Chartered Accountants

Date : 25 January 2008


John Lau Tiang Hua, DJN
No. 1107/03/08 (J)

JB Lau & Associates (AF-0042)

51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
T (604) 228 7828
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E info@sjgt-pg.com.my
W www.gt.com.my

Member of SJ Grant Thornton



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

G & A CONSULTANCY SDN. BHD.
Company No. 527624-W
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **G & A Consultancy Sdn. Bhd.**, which comprise the balance sheets as at **31 December 2008** of the Company, and the income statements, statements of changes in equity and cash flow statements of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 26.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2008** and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Institute, 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.

A handwritten signature in black ink, appearing to read "Grant Thornton".

Grant Thornton
(formerly known as JB Lau & Associates)
No. AF : 0042
Chartered Accountants

A handwritten signature in black ink, appearing to read "John Lau Tiang Hua".

John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant

Date : 20 March 2009

Penang



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
G & A CONSULTANCY SDN. BHD.**

Company No. 527624-W
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

Report on the Financial Statements

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

We have audited the financial statements of **G & A Consultancy Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2009**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 26.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



**Independent Auditors' Report To The Members Of
G & A Consultancy Sdn. Bhd. (cont'd)
Company No. 527624-W
(Incorporated In Malaysia)**

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2009** and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Institute, 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.

A handwritten signature in black ink, appearing to read "Grant Thornton".

**Grant Thornton
No. AF : 0042
Chartered Accountants**

A handwritten signature in black ink, appearing to read "John Lau Tiang Hua".

**John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant**

Date : 9 March 2010

Penang

11. ACCOUNTANTS' REPORT (Cont'd)

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

AF: 0042

Company No. 593357-M

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

APPENDIX 8

**REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY INDAH SDN. BHD.**

(Formerly known as Quorum Fine Jewellery (M) Sdn. Bhd.)

Company No. 593357-M

(Incorporated In Malaysia)

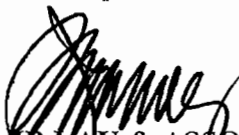
We have audited the financial statements set out on pages 7 to 13. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 August 2005** and of its results and cash flow for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


JB LAU & ASSOCIATES
NO. AF : 0042
CHARTERED ACCOUNTANTS
DATE : 20 JANUARY 2006


JOHN LAU TIANG HUA
NO. 1107/03/06 (J)

1985 to 2005

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

AF: 0042

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

Company No. 593357-M

REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY INDAH SDN. BHD.

(Formerly known as Quorum Fine Jewellery (M) Sdn. Bhd.)

Company No. 593357-M
(Incorporated In Malaysia)


We have audited the financial statements set out on pages 7 to 14. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :


- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2006** and of its results and cash flow for the period ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



JB Lau & Associates
No. AF : 0042

Chartered Accountants

Date : 5 January 2007



John Lau Tiang Hua
No. 1197/03/08 (J)

Chartered Accountants

Company No. 593357-M

Grant Thornton 

**REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY INDAH SDN. BHD.**

**Company No. 593357-M
(Incorporated In Malaysia)**


We have audited the financial statements set out on pages 7 to 16. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.


In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2007** and of its results and cash flow for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.


JB Lau & Associates
No. AF : 0042

Chartered Accountants

Date : 25 January 2008


John Lau Tiang Hua, DJN
No. 1107/03/08 (J)

JB Lau & Associates (AF-0042)

51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
T (604) 228 7828
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E info@sjgt-pg.com.my
W www.gt.com.my

Member of SJ Grant Thornton



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

IVORY INDAH SDN. BHD.

Company No. 593357-M
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Ivory Indah Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2008**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 20.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2008** and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A handwritten signature in black ink, appearing to read "Grant Thornton".

Grant Thornton

(formerly known as JB Lau & Associates)

No. AF : 0042

Chartered Accountants

A handwritten signature in black ink, appearing to read "John Lau Tiang Hua".

John Lau Tiang Hua, DJN

Partner

No. 1107/03/10 (J)

Chartered Accountant

Date : 20 March 2009

Penang



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IVORY INDAH SDN. BHD.**

Company No. 593357-M
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Ivory Indah Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2009**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 21.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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**Independent Auditors' Report To The Members Of
Ivory Indah Sdn. Bhd. (cont'd)
Company No. 593357-M
(Incorporated In Malaysia)**

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2009** and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A handwritten signature in black ink, appearing to read "Grant Thornton".

**Grant Thornton
No. AF : 0042
Chartered Accountants**

A handwritten signature in black ink, appearing to read "John Lau Tiang Hua".

**John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant**

Date : 9 March 2010

Penang

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 9

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

AF: 0042

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

Company No.629320-D

**REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY FURNITURE & INTERIOR SDN. BHD.**

Company No. 629320-D
(Incorporated In Malaysia)

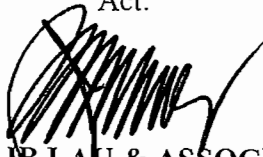
We have audited the financial statements set out on pages 7 to 19. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.



We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2005** and of its results and cash flows for the period ended on that date; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


JB LAU & ASSOCIATES
NO. AF : 0042
CHARTERED ACCOUNTANTS

DATE : 23 FEBRUARY 2006


JOHN LAU TIANG HUA
NO. 1107/03/06 (J)


11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 9

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

AF: 0042

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

Company No.629320-D

**REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY FURNITURE & INTERIOR SDN. BHD.**

Company No. 629320-D
(Incorporated In Malaysia)

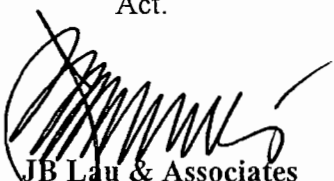
We have audited the financial statements set out on pages 7 to 20. The preparation of the financial statements is the responsibility of the Company's directors.


It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2006** and of its results and cash flows for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


JB Lau & Associates
No. AF : 0042
Chartered Accountants
Date : 5 January 2007


John Lau Tiang Hua
NO: 1107/03/08 (J)

Chartered Accountants

Company No. 629320-D

Grant Thornton 

**REPORT OF THE AUDITORS TO THE MEMBERS OF
IVORY FURNITURE & INTERIOR SDN. BHD.**

**Company No. 629320-D
(Incorporated In Malaysia)**


We have audited the financial statements set out on pages 7 to 20. The preparation of the financial statements is the responsibility of the Company's directors.

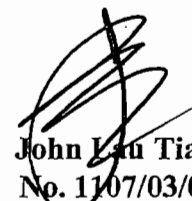
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2007** and of its results and cash flows for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.


JB Lau & Associates
 No. AF : 0042
 Chartered Accountants
 Date : 25 January 2008


John Lau Tiang Hua, DJN
 No. 1107/03/08 (J)

JB Lau & Associates (AF-0042)

51-8-A, Menara BHL Bank
 Jalan Sultan Ahmad Shah
 10050 Penang, Malaysia
 T (604) 228 7828
 F (604) 227 9828
 E info@sjgt-pg.com.my
 W www.gt.com.my

Member of SJ Grant Thornton



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

IVORY FURNITURE & INTERIOR SDN. BHD.

Company No. 629320-D
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Ivory Furniture & Interior Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 25.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2008** and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A handwritten signature in black ink, appearing to read "Grant Thornton".

Grant Thornton
(formerly known as JB Lau & Associates)
No. AF : 0042
Chartered Accountants

A handwritten signature in black ink, appearing to read "John Lau Tiang Hua".

John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant

Date : 20 March 2009

Penang



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IVORY FURNITURE & INTERIOR SDN. BHD.**

Company No. 629320-D
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Ivory Furniture & Interior Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2009**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 24.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.



**Independent Auditors' Report To The Members Of
Ivory Furniture & Interior Sdn. Bhd. (cont'd)
Company No. 629320-D
(Incorporated In Malaysia)**

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

Opinion


In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2009** and of its financial performance and cash flows for the financial year then ended.


Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.


Grant Thornton
No. AF : 0042
Chartered Accountants


John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant

Date : 9 March 2010

Penang

11. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX 10

Chartered Accountants

Grant Thornton 

**REPORT OF THE AUDITORS TO THE DIRECTORS OF
IVORY TIMES SQUARE SDN. BHD.
Company No. 791405-M
(Incorporated In Malaysia)**

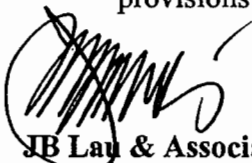
We have audited the financial statements set out on pages 7 to 13. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.


In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company at **31 December 2007** and of its results and cash flows for the period ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



JB Lau & Associates
No. AF : 0042
Chartered Accountants

Date : 25 January 2008



John Lau Tiang Hua, DJN
No. 1107/03/08 (J)
Partner

JB Lau & Associates (AF-0042)

51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
T (604) 228 7828
F (604) 227 9828
E info@sjgt-pg.com.my
W www.gt.com.my

Member of SJ Grant Thornton



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

IVORY TIMES SQUARE SDN. BHD.

Company No. 791405-M
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Ivory Times Square Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2008**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 20.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2008** and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A handwritten signature in black ink, appearing to read 'Grant Thornton'.

Grant Thornton
(formerly known as JB Lau & Associates)
No. AF : 0042
Chartered Accountants

A handwritten signature in black ink, appearing to read 'John Lau Tiang Hua'.

John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant

Date : 20 March 2009

Penang



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IVORY TIMES SQUARE SDN. BHD.**

Company No. 791405-M
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

Report on the Financial Statements

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

We have audited the financial statements of **Ivory Times Square Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2009**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 24.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



**Independent Auditors' Report To The Members Of
Ivory Times Square Sdn. Bhd. (cont'd)
Company No. 791405-M
(Incorporated In Malaysia)**

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2009** and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A handwritten signature in black ink, appearing to read "Grant Thornton".

**Grant Thornton
No. AF : 0042
Chartered Accountants**

A handwritten signature in black ink, appearing to read "John Lau Tiang Hua".

**John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant**

Date : 9 March 2010

Penang



KPMG (Firm No. AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

Telephone +60 (4) 227 2288
Fax +60 (4) 227 1888
Internet www.kpmg.com.my

Independent auditors' report to the members of Ivory Utilities Sdn. Bhd.

(Company No. 834590 - A)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ivory Utilities Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 13.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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.



Company No. 834590 - A

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/09 (J)
Chartered Accountant

Date : 8 May 2009

Penang



KPMG (Firm No. AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

Telephone +60 (4) 227 2288
Fax +60 (4) 227 1888
Internet www.kpmg.com.my

17

Independent auditors' report to the members of Ivory Utilities Sdn. Bhd.

(Company No. 834590 - A)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Ivory Utilities Sdn. Bhd., which comprise the balance sheet as at 31 December 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 14.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



Company No. 834590 - A

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.


Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.


KPMG
AF 0758
Chartered Accountants


Ooi Kok Seng
2432/05/11 (J)
Chartered Accountant

Date : 18 MAR 2010

Penang



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SUNLINK PROPERTIES SDN. BHD.**

Company No. 836156-U
(Incorporated In Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Sunlink Properties Sdn. Bhd.**, which comprise the balance sheet as at **31 December 2009**, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 24.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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.

11. ACCOUNTANTS' REPORT (Cont'd)



**Independent Auditors' Report To The Members Of
Sunlink Properties Sdn. Bhd. (cont'd)
Company No. 836156-U
(Incorporated In Malaysia)**

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2009** and of its financial performance and cash flows for the financial period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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.

A handwritten signature in black ink, appearing to read "Grant Thornton".

**Grant Thornton
No. AF : 0042
Chartered Accountants**

A handwritten signature in black ink, appearing to read "John Lau Tiang Hua".

**John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant**

Date : 9 March 2010

Penang

12. VALUATION CERTIFICATE

(Prepared for inclusion in the Prospectus)



HENRY BUTCHER MALAYSIA *International Asset Consultants*

Our Ref : V/PG/DY 527(D1), 527(D2), 822, 826, 827(B1), 827(B2), 827(C2), 827(D5) & 827(D6)

Date : 9 July 2010

The Board of Directors

M/s Ivory Properties Group Berhad,
Suite 2-1, 2nd Floor
Menara Penang Garden
42-A, Jalan Sultan Ahmad Shah
10050 Penang

Dear Sirs

CERTIFICATE OF VALUATION OF 9 PROPERTIES BELONGING TO IVORY PROPERTIES GROUP BERHAD

This certificate has been prepared for inclusion in the Prospectus of Ivory Properties Group Berhad ("Ivory") to be dated 12 July 2010 in connection with the following:-

- (i) Public issue of 44,899,000 new ordinary shares of RM0.50 each ("Shares") at an issue price of RM1.00 per Share;
- (ii) Offer for sale of 16,170,000 Shares to Bumiputera investors approved by the Ministry of International Trade and Industry at an offer price of RM1.00 per Share; and
- (iii) Listing of and quotation for the entire enlarged issued and paid-up share capital of Ivory comprising 186,000,000 Shares on the Main Market of Bursa Malaysia Securities Berhad.

In accordance with the instructions from Ivory, we have valued the properties listed on the following page dated 30th April 2008 for the purpose of submission to the Securities Commission in conjunction with the listing of Ivory on the Main Market of the Bursa Securities. The subject properties were inspected on 30th April 2008. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. 30th April 2008.

We confirm that we have valued the properties based on the valuation basis stated below. The valuations have been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission and in compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the Market Value which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

HENRY BUTCHER MALAYSIA (Penang) Sdn Bhd (177498-P)

142-M, Jalan Burma, 10050 Penang, Malaysia

tel : 604 229 8999 fax : 604 229 8666 email : hbpenang@tm.net.my

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agency • management • plant & machinery appraisal • auction

12. VALUATION CERTIFICATE (Cont'd)

The summary of Market Values for the properties valued is tabulated as follows :-

Property No.	Property Details	Market Value as at 30 th April 2008
1	No. 1-1-1, Plaza Ivory, Halaman Bukit Gambir, 11700 Penang	RM1,500,000
2	No. 1-2-1, Plaza Ivory, Halaman Bukit Gambir, 11700 Penang	RM1,350,000
3	Nos. 4, 4A, 4B, 4C and 4D, 6, 6A, 6B, 6C and 6D, 8, 8A, 8B, 8C and 8D, Jalan Kampung Jawa Lama, 10150 Penang	RM4,200,000
4	Lot Nos. 73, 96, 98, 101, 102, 145, 146, 150, 159, 160, 163, 278, 279, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 766 and 767 [now known as P.T. 25 held under Title No. H.S.(D) 16561], Section 10, Town of Georgetown, North East District, Penang	RM200,000,000
5	No. 108-15-08, Seri Taman Tanjung, Persiaran Lengkuas, 10470 Tanjung Tokong, Penang	RM230,000
6	No. 108-B-01, Seri Taman Tanjung, Persiaran Lengkuas, 10470 Tanjung Tokong, Penang	RM1,600,000
7	No. 3B-5-5, Tanjung Park Condominium, Persiaran Lengkuas Satu, 10470 Tanjung Tokong, Penang	RM3,500,000
8	No. 2-2-12A, Plaza Ivory, Halaman Bukit Gambir, 11700 Gelugor, Penang	RM3,400,000
9	No. 2-2-28, Plaza Ivory, Halaman Bukit Gambir, 11700 Gelugor, Penang	RM170,000

Having regard to the foregoing, our opinion of the Total Market Value of the full share freehold interests of the subject properties as at 30th April 2008, on the basis of the existing titles, existing strata titles and the forthcoming strata titles being good, registrable, marketable, free from all encumbrances, endorsements, statutory notices and outgoings is RM215,950,000 (Ringgit Malaysia Two Hundred Fifteen Million Nine Hundred And Fifty Thousand Only).

The disclosure of each property as required under Chapter 6 of Asset Valuation Guidelines is attached on the following pages.

Yours faithfully,
HENRY BUTCHER MALAYSIA (Penang) Sdn Bhd

DR. TEOH POH HUAT
FRICS, FISM, MBA (UK), DBA (UniSA)
Chartered Surveyor / Registered Valuer
Designation: Director
Registered Number: V-296

12. VALUATION CERTIFICATE (Cont'd)**PROPERTY NO. 1****OUR REF: V/PG/DY 527 (D1)****PREMISES: NO 1-1-1, PLAZA IVORY, HALAMAN BUKIT GAMBIR, 11700 PENANG.****Description of the Subject Property**

The subject property comprises a shoptlot together with an accessory parcel (part of the walkway) located within Plaza Ivory.

Plaza Ivory is situated approximately 13 km from the Central Business District of Georgetown and is about 5 km from the Penang International Airport in Bayan Lepas. The campus of University Sains Malaysia (USM) is located within walking distance from the subject property.

The subject property is approachable from Kompleks Tun Abdul Razak (KOMTAR) at Georgetown via Jalan Magazine, Jalan Datuk Keramat, Jalan Air Itam, Jalan Masjid Negeri, Jalan Yeap Chor Ee, Jalan Bukit Gambier and thence onto Halaman Bukit Gambir.

Plaza Ivory comprises 2 blocks of 28-storey high-rise condominiums with a 4-storey shoptlot-cum-car park podium, 2-storey basement car park and a 3-storey commercial-cum-residential block. The subject property is located on the ground floor of the 3-storey commercial-cum-residential block identified as Block No. 1, Plaza Ivory.

The subject property has a strata floor area of about 1,636 sq. ft. and an accessory parcel floor area of about 872 sq. ft..

The subject property has been issued with a Certificate of Fitness for Occupation on 22nd September 2004.

Title Particulars

The brief particulars of the strata title are as follows:-

Strata Title No. :	Geran Mukim 2609/M1/1/1
Building No. :	M1
Storey No. :	1
Parcel No. :	1
Accessory Parcel No. :	A1
Lot No. :	10321
Mukim :	13
District :	Timur Laut
State :	Pulau Pinang
Tenure :	Freehold
Category of Land Use :	Not applicable
Registered Proprietor :	IVORY SQUARE SDN BHD
Beneficial owner :	IVORY ASSOCIATES SDN BHD
Strata Floor Area :	152 square metres

12. VALUATION CERTIFICATE (Cont'd)**Occupation Status**

As at 30th April 2008, we noted that the subject property is being used as an office by Messrs Ivory Associates Sdn Bhd.

As at the date of this Certificate of Valuation ("CV"), we have been informed by Ivory that the subject property is tenanted to Sunlink Properties Sdn Bhd for a period of 3 years at a rental of RM9,530 per month for the first year, RM11,436 per month for the second year and RM13,342 per month for the third year.

Valuation Methods

We have adopted the "Comparison Method" and "Investment Method" in formulating our opinion of the Market Value of the subject property.

The Comparison Method is the Market Approach of Comparing the subject property with similar properties that were transacted recently within the same location or other comparable localities. The comparable sale evidences have been sourced from Jabatan Penilaian Dan Perkhidmatan Harta (JPPH). In comparing properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

In Investment Method, the capital value is derived from an estimate of the Market Rental, which the subject property can reasonably be let for. Outgoings, such as property tax, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annum rental income is capitalised at an appropriate current market yield to arrive at its indicative capital value.

The Market Values arrived at by using the Investment Method and Comparison Method are as follows :

Method of Valuation		Market Value
(i)	Comparison Method	RM1,500,000
(ii)	Investment Method	RM1,620,000

In arriving at the Market Value of the subject property, we have adopted figures derived from Comparison Method. The Investment Method is used as a check method of valuation.

The Investment Method involves the conversion of an income flow from property into an appropriate capital sum. The assessment of a rental value is therefore an important process and a reasonably accurate estimate is therefore vital. The Investment Method of valuation has limitations due to the availability of sufficient rental evidence to justify the rental derived from the accessory parcel of the subject property. Taking into account the relative strengths and weaknesses of both methods of valuation, we are of the opinion that greater weightage should be given to the Comparison Method.

Having regard to the foregoing, our opinion of the Market Value of the full share freehold interest of the subject property as at 30th April 2008 comprising premises No. 1-1-1, Plaza Ivory, Halaman Bukit Gambir, 11700 Penang held under Strata Title No. Geran Mukim 2609/M1/1/1, Lot No. 10321, Mukim 13, North East District, Penang, on the basis of strata title being good, registrable, marketable, free from all encumbrances, endorsements, statutory notices and outgoings is RM1,500,000 (Ringgit Malaysia One Million And Five Hundred Thousand Only).

The valuation workings for the subject property are attached on the following pages for easy reference.

12. VALUATION CERTIFICATE (Cont'd)**COMPARISON METHOD**

	Comparable 1	Comparable 2	Comparable 3
Address	1-1-5, Plaza Ivory, Halaman Bukit Gambier, Penang	1-1-11, Plaza Ivory, Halaman Bukit Gambier, Penang	1-1-12B, Plaza Ivory, Halaman Bukit Gambier, Penang
Vendor	Shoplot Lim Kean Hwa	Shoplot Ivory Square Sdn. Bhd.	Shoplot Ivory Square Sdn Bhd
Purchaser	Hwa Beng Holdings Sdn. Bhd.	Ng Nei Teik & Khoo Ean See	Constant Tradelink Sdn. Bhd.
Source	Deed of Assignment	Sale & Purchase Agreement	Sale & Purchase Agreement
Tenure	Freehold	Freehold	Freehold
Zoning	Commercial	Commercial	Commercial
Transaction date	05.01.2006	25.09.2001	09.11.2004
Consideration	RM550,000	RM408,000	RM1,115,540
Floor area (sf)	786	786	1,604
Based Value (psf)	RM700	RM519	RM695
<u>Adjustment</u>			
Positive adjustment	Upward adjustments have been made for time, corner allowance, micro location and frontage	Upward adjustments have been made for time, corner allowance, micro location and frontage	Upward adjustments have been made for time, micro location and frontage
Negative adjustment	Downward adjustment has been made for size	Downward adjustment has been made for size	
Adjusted Value (psf)	RM875	RM753	RM869
Average Adjusted Value (psf)	RM832		
Justification :			
Post adjustments have been made to the comparables after taking into consideration the positive and negative factors of the time (market improvement), location, corner allowance, frontage and size of the subject property. An overall upward adjustment has been made for these differences. Having considered all the above, we have adopted RM832 psf to be the fair and reasonable market value of the subject property.			

12. VALUATION CERTIFICATE (Cont'd)**INVESTMENT METHOD**

	Comparable 1	Comparable 2	Comparable 3
Address	1-1-3A, Plaza Ivory, Halaman Bukit Gambier, Penang	1-1-9, Plaza Ivory, Halaman Bukit Gambier, Penang	1-1-10, Plaza Ivory, Halaman Bukit Gambier, Penang
Landlord	Tan Eng Wai Marine Products Sdn. Bhd.	Dr. Tan Teong Yeong	Lean Bee Huat
Tenant	Yap Kwong Sen	Min Lwyn @ Akbar Ali	Chiho Hardware Sdn Bhd
Source	Tenancy Agreement	Tenancy Agreement	Tenancy Agreement
Tenancy Term	1.5.2004 - 30.4.2007	1.3.2004 - 28.2.2007	1.7.2004 - 30.6.2006
Monthly Rental	RM3,900	RM3,500	RM4,200
Floor area (sf)	786	786	786
Based Monthly Rental (psf)	RM4.96	RM4.45	RM5.34
Adjustment			
Positive adjustment	Upward adjustments have been made for time, corner allowance, micro location and frontage	Upward adjustments have been made for time, corner allowance, micro location and frontage	Upward adjustments have been made for time, micro location and frontage
Negative adjustment	Downward adjustment has been made for size	Downward adjustment has been made for size	Downward adjustment has been made for size
Adjusted Monthly Rental (psf)	RM5.95	RM5.34	RM6.41
Average Adjusted Monthly Rental (psf)	RM5.90		
Note :	<p>The average adjusted monthly rental is considered fair and reasonable. We are of the opinion that the fair monthly rental of the subject property is RM10,000. This rental is derived from the above adjusted monthly rental. The annual outgoings is estimated around RM22,835 comprising the service & maintenance charges of RM4,899, assessment rate of RM3,166.22, fire insurance premium of RM315.70, quit rent of RM54.50, cost of repairs of 6% of annual rental and management fee of 6% of annual rental. We have adopted a capitalisation rate of 6% (which is derived from the analysis of recent transactions of comparable properties) to arrive at the market value of RM1,620,000.</p>		

12. VALUATION CERTIFICATE (Cont'd)**PROPERTY NO. 2****OUR REF: V/PG/DY 527 (D2)****PREMISES: NO. 1-2-1, PLAZA IVORY, HALAMAN BUKIT GAMBIR, 11700 PENANG.****Description of the Subject Property**

The subject property comprises a shoptlot located within Plaza Ivory.

Plaza Ivory is situated approximately 13 km from the Central Business District of Georgetown and is about 5 km from the Penang International Airport in Bayan Lepas. The campus of University Sains Malaysia (USM) is located within walking distance from the subject property.

The subject property is approachable from Kompleks Tun Abdul Razak (KOMTAR) at Georgetown via Jalan Magazine, Jalan Datuk Keramat, Jalan Air Itam, Jalan Masjid Negeri, Jalan Yeap Chor Ee, Jalan Bukit Gambier and thence onto Halaman Bukit Gambir.

Plaza Ivory comprises 2 blocks of 28-storey high-rise condominiums with a 4-storey shoptlot-cum-car park podium, 2-storey basement car park and a 3-storey commercial-cum-residential block. The subject property is located on the first floor of the 3-storey commercial-cum-residential block identified as Block No. 1, Plaza Ivory.

The subject property has a strata floor area of about 4,510 sq. ft..

The subject property has been issued with a Certificate of Fitness for Occupation on 22nd September 2004.

Title Particulars

The brief particulars of the strata title are as follows:-

Strata Title No. :	Geran Mukim 2609/M1/2/16
Building No. :	M1
Storey No. :	2
Parcel No. :	16
Lot No. :	10321
Mukim :	13
District :	Timur Laut
State :	Pulau Pinang
Tenure :	Freehold
Category of Land Use :	Not applicable
Registered Proprietor :	IVORY SQUARE SDN BHD
Beneficial owner :	IVORY ASSOCIATES SDN BHD
Strata Floor Area :	419 square metres

12. VALUATION CERTIFICATE (Cont'd)**Occupation Status**

As at 30th April 2008, we noted that the subject property is unoccupied.

As at the date of this CV, we have been informed by Ivory that the subject property is tenanted to Asia Talk Sdn Bhd for a period of 1 year at a rental of RM2,900 per month.

Valuation Methods

We have adopted the “Comparison Method” and “Investment Method” in formulating our opinion of the Market Value of the subject property.

The **Comparison Method** is the Market Approach of Comparing the subject property with similar properties that were transacted recently within the same location or other comparable localities. The comparable sale evidences have been sourced from Jabatan Penilaian Dan Perkhidmatan Harta (JPPH). In comparing properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

In **Investment Method**, the capital value is derived from an estimate of the Market Rental, which the subject property can reasonably be let for. Outgoings, such as property tax, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annum rental income is capitalised at an appropriate current market yield to arrive at its indicative capital value.

The Market Values arrived at by using the Investment Method and Comparison Method are as follows :

Method of Valuation		Market Value
(i)	Investment Method	RM1,350,000
(ii)	Comparison Method	RM1,500,000

In arriving at the Market Value of the subject property, we have adopted figures derived from the Investment Method. The Comparison Method is used as a check method of valuation.

The Comparison Method in this valuation has limitations due to the lack of sales transactions of larger size shoplots within Plaza Ivory. In the arriving at the value of the subject property, shoplots with smaller sizes have been utilised and adjustment made in term of size. Hence, in view of the relative strengths and weaknesses of both methods of valuation, we are of the opinion that greater weightage should be given to the Investment Method in this particular case.

Having regard to the foregoing, our opinion of the Market Value of the full share freehold interest of the subject property as at 30th April 2008 comprising premises No. 1-2-1, Plaza Ivory, Halaman Bukit Gambir, 11700 Penang held under Strata Title No. Geran Mukim 2609/M1/2/16, Lot No. 10321, Mukim 13, North East District, Penang, on the basis of strata title being good, registrable, marketable, free from all encumbrances, endorsements, statutory notices and outgoings is RM1,350,000 (Ringgit Malaysia One Million Three Hundred And Fifty Only).

The valuation workings for the subject property are attached on the following pages for easy reference.

12. VALUATION CERTIFICATE (Cont'd)**COMPARISON METHOD**

	Comparable 1	Comparable 2	Comparable 3
Address	1-2-2, Plaza Ivory, Halaman Bukit Gambier, Penang Shoplot	1-2-3, Plaza Ivory, Halaman Bukit Gambier, Penang Shoplot	1-2-12, Plaza Ivory, Halaman Bukit Gambier, Penang Shoplot
Vendor	Ivory Square Sdn. Bhd.	Ivory Square Sdn. Bhd.	Ivory Square Sdn. Bhd.
Purchaser	Ong Chin Hee	Lim Peng Hoo	Constant Tradelink Sdn. Bhd.
Source	Sale & Purchase Agreement	Sale & Purchase Agreement	Sale & Purchase Agreement
Tenure	Freehold	Freehold	Freehold
Zoning	Commercial	Commercial	Commercial
Transaction date	05.11.2003	05.11.2003	09.11.2004
Consideration	RM295,000	RM295,000	RM530,950
Floor area (sf)	797	797	1518
Based Value (psf)	RM370	RM370	RM350
<u>Adjustment</u>			
Positive adjustment	Upward adjustments have been made for time and corner allowance	Upward adjustments have been made for time and corner allowance	Upward adjustment has been made for time
Negative adjustment	Downward adjustment has been made for size	Downward adjustment has been made for size	Downward adjustment has been made for size
Adjusted Value (psf)	RM333	RM333	RM332
Average Adjusted Value (psf)	RM333		
Justification :			
Post adjustments have been made to the comparables after taking into consideration the positive and negative factors of the size, time (market improvement) and corner allowance of the subject property. An overall downward adjustment has been made for these differences. Having considered all the above, we have adopted RM333 psf to be the fair and reasonable market value of the subject property.			

12. VALUATION CERTIFICATE (Cont'd)**INVESTMENT METHOD**

	Comparable 1	Comparable 2	Comparable 3
Address	1-2-3A, Plaza Ivory, Halaman Bukit Gambier, Penang	1-2-6, Plaza Ivory, Halaman Bukit Gambier, Penang	1-1-10, Plaza Ivory, Halaman Bukit Gambier, Penang
Landlord	Tan Hock Oon	Lee Chee Kheong & Chan Lai Kuan	Ooi Cheng Chye & Khaw Saw Ee
Tenant	Hau Shi Shen & Law Yoong Nguo Ng	Tan Hock Hai	Syarikat Pembinaan Immi
Source	Tenancy Agreement	Tenancy Agreement	Tenancy Agreement
Tenancy Term	1.12.2004 - 30.11.2006	1.8.2006 - 31.7.2007	16.4.2005 - 15.4.2007
Monthly Rental	RM2,200	RM1,800	RM2,000
Floor area (sf)	797	797	797
Based Value (psf)	RM2.76	RM2.26	RM2.51
Adjustment			
Positive adjustment	Upward adjustments have been made for time and corner allowance	Upward adjustments have been made for time and corner allowance	Upward adjustments have been made for time and corner allowance
Negative adjustment	Downward adjustment has been made for size	Downward adjustment has been made for size	Downward adjustment has been made for size
Adjusted Monthly Rental (psf)	RM2.48	RM2.03	RM2.26
Average Adjusted Monthly Rental (psf)	RM2.26		

Note :

The average adjusted monthly rental is considered fair and reasonable. We are of the opinion that the fair monthly rental of the subject property is RM10,000. This rental is derived from the above adjusted monthly rental. The annual outgoings is estimated around RM33,030 comprising the service & maintenance charges of RM13,203, assessment rate of RM4,761.68, fire insurance premium of RM567.80, quit rent of RM97.80, cost of repairs of 6% of annual rental and management fee of 6% of annual rental. We have adopted a capitalisation rate of 6.5% (which is derived from the analysis of recent transactions of comparable properties) to arrive at the market value of RM1,350,000.

12. VALUATION CERTIFICATE (Cont'd)**PROPERTY NO. 3****OUR REF: V/PG/DY.822****PREMISES : NOS 4, 4A, 4B, 4C AND 4D, 6, 6A, 6B, 6C AND 6D, 8, 8A, 8B, 8C AND 8D, JALAN KAMPUNG JAWA LAMA, 10150 PENANG****Description of the Subject Property**

The subject property comprises 3 units of 5-storey shophouses located along Jalan Kampung Jawa Lama and within the inner city of Georgetown.

The subject property is situated approximately 0.5 km from Kompleks Tun Abdul Razak (KOMTAR) and is about 18 km from Penang International Airport in Bayan Lepas.

The subject property is located within the heart of the Central Business District of Georgetown and has direct access onto Jalan Dato Keramat, Jalan Kampung Jawa Baru, Jalan Timah and Jalan Kampung Jawa Lama.

The combined site of the subject property is almost rectangular in shape and encompasses a total land area of approximately 3,468 sq. ft. The subject property has a total gross floor area of about 18,019 sq. ft. Details of the land areas and Gross Floor Areas are tabulated as follows :-

Premises No.	Lot No.	Title No.	Land Area (sq. ft.)	Gross Floor Area (sq. ft.)
4, 4A, 4B, 4C & 4D	954	Geran 29375	1,132	6,049
6, 6A, 6B, 6C & 6D	955	Geran 29376	1,152	6,049
8, 8A, 8B, 8C & 8D	956	Geran 29377	1,184	5,921
Total			3,468	18,019

The subject property has been issued with a Certificate of Fitness for Occupation on 29th May 1986.

Titles Particulars

The brief particulars of the titles are as follows:-

Section :	10 (in respect of all titles)
Town :	Georgetown (in respect of all titles)
District :	Timor Laut (in respect of all titles)
State :	Pulau Pinang (in respect of all titles)
Tenure :	Freehold (in respect of all titles)
Registered Proprietor :	IVORY GLENEARY SDN BHD (in respect of all titles)
Category of Land Use :	Nil (in respect of all titles)