

PROSPECTUS

This Prospectus is dated
29 December 2010



TAMBUN INDAH LAND BERHAD

(Company No: 810446-U)

(Incorporated in Malaysia under the Companies Act, 1965)

TAMBUN INDAH LAND BERHAD



Dahlia Park



Palm Villas



Juru Heights



Pearl Garden



Taman Tambun Indah

A. PUBLIC ISSUE OF 32,000,000 NEW ORDINARY SHARES OF RM0.50 EACH COMPRISING:

- (I) 11,050,000 NEW ORDINARY SHARES OF RM0.50 EACH MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (II) 11,050,000 NEW ORDINARY SHARES OF RM0.50 EACH MADE AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF TAMBUN INDAH LAND BERHAD AND ITS SUBSIDIARIES; AND
- (III) 9,900,000 NEW ORDINARY SHARES OF RM0.50 EACH MADE AVAILABLE FOR APPLICATION BY IDENTIFIED INVESTORS VIA PRIVATE PLACEMENT; AND

B. OFFER FOR SALE OF 22,100,000 ORDINARY SHARES OF RM0.50 EACH MADE AVAILABLE FOR APPLICATION BY BUMIPUTERA INVESTORS TO BE APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AT AN ISSUE AND OFFER PRICE OF RM0.70 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH THE LISTING OF TAMBUN INDAH LAND BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE SEE "RISK FACTORS" AS SET OUT IN SECTION 4 OF THIS PROSPECTUS.

Adviser, Sole Underwriter and Placement Agent



MIMB INVESTMENT BANK BERHAD (10209-W)

A Participating Organisation of Bursa Malaysia Securities Berhad

PROSPECTUS



Scotland Villas

Impian Residence

Tanjung Heights

Pearl Garden

RESPONSIBILITY STATEMENTS

THE DIRECTORS AND PROMOTERS OF OUR COMPANY AND THE OFFERORS HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THE PROSPECTUS FALSE OR MISLEADING.

MIMB INVESTMENT BANK BERHAD, BEING THE PRINCIPAL ADVISER, SOLE UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING ("IPO").

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE IPO AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THE VALUATION UTILISED FOR THE PURPOSE OF OUR CORPORATE PROPOSALS SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, CORPORATION, OR ITS SECURITIES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES ("ROC") WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

ADDITIONAL STATEMENTS

ACCEPTANCE OF APPLICATIONS FOR THE SECURITIES BEING OFFERED WILL BE CONDITIONAL UPON PERMISSION BEING GRANTED BY BURSA SECURITIES TO DEAL IN AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED AND FULLY PAID-UP SHARE CAPITAL ON THE MAIN MARKET OF BURSA SECURITIES. ACCORDINGLY, MONIES PAID IN RESPECT OF ANY APPLICATION ACCEPTED WILL BE RETURNED WITHOUT INTEREST IF THE SAID PERMISSION FOR LISTING IS NOT GRANTED WITHIN SIX (6) WEEKS FROM THE DATE OF THIS PROSPECTUS (OR SUCH LONGER PERIOD AS MAY BE SPECIFIED BY THE SC) PROVIDED THAT THE COMPANY IS NOTIFIED BY OR ON BEHALF OF BURSA SECURITIES WITHIN THE AFORESAID TIME FRAME. IF ANY SUCH MONIES ARE NOT REPAID WITHIN FOURTEEN (14) DAYS AFTER THE COMPANY BECOMES LIABLE TO REPAY IT, THE PROVISION OF SUB-SECTION 243(2) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA") SHALL APPLY ACCORDINGLY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE IPO ARE SUBJECT TO MALAYSIAN LAWS. THE COMPANY, ITS PROMOTERS, OFFERORS, ADVISER, SOLE UNDERWRITER AND PLACEMENT AGENT TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. NO ACTION HAS BEEN TAKEN TO PERMIT A PUBLIC OFFERING OF THE SHARES BASED ON THIS PROSPECTUS OR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE SHARES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR IS UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OF OR INVITATION TO BUY THE SHARES TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. THE COMPANY, ITS PROMOTERS, OFFERORS, ADVISER, SOLE UNDERWRITER AND PLACEMENT AGENT REQUIRE YOU TO INFORM YOURSELF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY IN CONNECTION WITH THE IPO UNDER THE LAWS OF MALAYSIA. THE SHARES ARE OFFERED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. THE COMPANY, ITS PROMOTERS, OFFERORS, ADVISER, SOLE UNDERWRITER AND PLACEMENT AGENT HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

ELECTRONIC PROSPECTUS

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT <http://www.bursamalaysia.com>. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF MALAYAN BANKING BERHAD AT <http://www.maybank2u.com.my>, THE WEBSITE OF RHB BANK BERHAD AT <http://www.rhbbank.com.my>, THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT <http://www.cipocimb.com>, THE WEBSITE OF CIMB BANK BERHAD AT <http://www.cimbclicks.com.my> AND THE WEBSITE OF AFFIN BANK BERHAD AT <http://www.affinonline.com>.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION MAY BE SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING THE DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM THE COMPANY, THE PRINCIPAL ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS.

IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (i) THE COMPANY DOES NOT ENDORSE AND IS NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND IS NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (ii) THE COMPANY IS NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES;

THE COMPANY IS ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COSTS THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE OF ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND

- (iii) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. THE COMPANY IS NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL,

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:

- (i) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

- (ii) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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TENTATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities is set out below:

Tentative Timetable	Tentative Date
Issue of Prospectus/Opening date of the application for the IPO Shares	29 December 2010
Closing date of the application for the IPO Shares	6 January 2011
Tentative balloting date for applications for the IPO Shares	10 January 2011
Tentative allotment date of the IPO Shares to successful applicants	17 January 2011
Tentative listing date	18 January 2011

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 P.M. ON 6 JANUARY 2011 OR SUCH FURTHER PERIOD AS OUR DIRECTORS, PROMOTERS AND OFFERORS TOGETHER WITH OUR SOLE UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.

IN THE EVENT THAT THE CLOSING DATE OF THE IPO IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT OF THE IPO SHARES AND THE LISTING OF OUR ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL ON THE MAIN MARKET OF BURSA SECURITIES WILL BE EXTENDED ACCORDINGLY. ANY EXTENSION OF THE ABOVEMENTIONED DATES WILL BE ANNOUNCED VIA AN ADVERTISEMENT IN A WIDELY CIRCULATED BAHASA MALAYSIA AND ENGLISH NEWSPAPER IN MALAYSIA.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout this Prospectus and the Application Forms:

“Acquisitions”	:	The acquisition by Tambun Indah of the equity interest in the Subsidiaries for a total purchase consideration of RM94,499,998 to be satisfied by the issuance of 188,999,996 Tambun Indah Shares at par
“Act”	:	Companies Act, 1965
“ADA(s)”	:	Authorised Depository Agent(s)
“ADA Code”	:	ADA (Broker) Code
“Amal Pintas”	:	Amal Pintas Sdn Bhd
“Application”	:	The application(s) for the subscription of the Public Issue Shares by way of the Application Form and Electronic Share Application or by way of Internet Share Application
“Application Form(s)”	:	The printed application form(s) for the application of the Public Issue Shares
“Articles”	:	Articles of Association of our Company for the time being adopted
“ATM”	:	Automated teller machine
“Board”	:	Board of Directors of our Company
“Bursa Depository” or “the Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad
“CBD Land”	:	CBD Land Sdn Bhd, a 50% owned subsidiary of TKS Land
“CCC”	:	Certificate of completion and compliance
“CCTV”	:	Closed-circuit television
“CDS”	:	Central Depository System of Malaysia
“Cenderaman”	:	Cendraman Development Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“Central Depositories Acts”	:	Securities Industry (Central Depositories) Act 1991
“CF”	:	Certificate of fitness
“CMSA”	:	Capital Market and Services Act 2007
“Dcnmas”	:	Denmas Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“Denmas Development”	:	Denmas Development Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“Director(s)”	:	Director(s) for the time being of our Company

DEFINITIONS (Cont'd)

“EBIDTA”	:	Earnings before interest, depreciation, tax and amortisation
“EBIT”	:	Earnings before interest and taxation
“ECU”	:	Equity Compliance Unit
“Eligible Parties”	:	Eligible Directors, employees and business associates of our Group who have contributed to the success of our Group
“Electronic Share Application”	:	Application for the Public Issue Shares through a participating financial institution’s ATM
“Epiland”	:	Epiland Properties Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“EPS”	:	Earnings per share
“FPE”	:	Financial period ended 30 June
“FV”	:	Fair value
“FYE”	:	Financial year ended/ending 31 December
“GDP”	:	Gross domestic product
“GDV”	:	Gross development value
“Government”	:	Government of Malaysia
“GP”	:	Gross profit
“GSV”	:	Gross sales value
“Hong Hong”	:	Hong Hong Development Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“Housing/Shop Unit Starts”	:	Housing and shop unit starts comprise buildings where the foundation and footing works of low-rise buildings or works below ground level including piling and foundation of high-rise buildings have started. It does not include site clearing, leveling and laying of infrastructure
“Illustration I”	:	Representing the illustration where the revaluation surplus amounting to approximately RM6.78 million (as set out in Section 7.1.2 of this Prospectus) was not booked into the financial statements of our Group, consistent with the FRS 3 Business Combinations adopted for the Acquisitions
“Illustration II”	:	Representing the illustration after taking into consideration the revaluation surplus amounting to approximately RM6.78 million (as set out in Section 7.1.2 of this Prospectus)
“Intanasia”	:	Intanasia Development Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“Internet Participating Financial Institution(s)”	:	The participating financial institution(s) for Internet Share Application as listed in Section 18 of this Prospectus

DEFINITIONS (Cont'd)

“Internet Share Application”	:	Application for the Public Issue Shares through an Internet Participating Financial Institution
“IPO”	:	The initial public offering of the Public Issue Shares and Offer Shares at an issue/offer price of RM0.70 per Share
“IPO Price”	:	Issue/offer price per Share of RM0.70 each pursuant to the IPO
“IPO Shares”	:	Public Issue Shares and Offer Shares
“Issuing House” or “MIDFCCS”	:	MIDF Consultancy and Corporate Services Sendirian Berhad
“Jasnia”	:	Jasnia Sdn Bhd , a wholly-owned subsidiary of Tambun Indah
“Juru Heights”	:	Juru Heights Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“km”	:	Kilometres
“Langstone”	:	Langstone Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“Listing”	:	The admission to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM110,500,000 comprising 221,000,000 Shares on the Main Market of Bursa Securities
“Listing Requirements”	:	Bursa Securities Main Market Listing Requirements
“LPD”	:	30 November 2010, being the latest practicable date prior to the registration of this Prospectus
“Main Market”	:	Main Market of Bursa Securities
“Market Day(s)”	:	Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities
“MI”	:	Minority interest
“MIMB”	:	MIMB Investment Bank Berhad
“MITI”	:	Ministry of International Trade and Industry
“NA”	:	Net assets attributable to ordinary equity holders of Tambun Indah
“NBV”	:	Net book value
“NL”	:	Net liabilities attributable to ordinary equity holders of Tambun Indah
“NLE”	:	NLE Electrical Engineering Sdn Bhd
“NTA”	:	Net tangible assets attributable to ordinary equity holders of Tambun Indah
“OC”	:	Occupancy certificate

DEFINITIONS (Cont'd)

"Offeror(s)" : The offerors of the Offer Shares are as follows:

Offerors	No. of Offer Shares
Amal Pintas	11,050,000
Tah-Wah	10,155,488
NLE	894,512
Total	22,100,000

"Offer for Sale" : The offer for sale by the Offerors of 22,100,000 Tambun Indah Shares representing 10.00% of the enlarged issued and paid-up share capital of Tambun Indah at the IPO Price per Share to Bumiputera investors to be approved by the MITI

"Offer Shares" : The 22,100,000 existing Tambun Indah Shares, which are the subject of the Offer for Sale

"Parcel A" : Lot 8751 of Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang, measuring 67.90 acres

"Parcel B" : Lot 8750, Lot 114 and Lot 1067 of Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang, measuring 84 acres

"Parcel C" : Lot 8749, 8748, 1445, 1433 and 1428 of Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang, measuring 101.82 acres

"PAT" : Profit after taxation

"PBT" : Profit before taxation

"PE Multiple" : Price earnings multiple

"Pembangunan Mutiara" : Pembangunan Bandar Mutiara Sdn Bhd

"Perquest" : Perquest Sdn Bhd, a wholly-owned subsidiary of Tambun Indah

"Promoter(s)" : The promoters are Amal Pintas, Siram Permai, Tah-Wah, Ir. Teh Kiak Seng, Tsai Chia Ling, Tsai Yung Chuan, Tsai Chang Hsiu-Hsiang and Dato' Hong Yeam Wah, collectively

"Public Issue" : The public issue by our Company of 32,000,000 new Tambun Indah Shares at the IPO Price per Tambun Indah Share comprising:

- (i) 11,050,000 new Tambun Indah Shares representing 5.00% of the enlarged issued and paid-up share capital of Tambun Indah will be made available for application by Malaysian individuals, companies, co-operatives, societies and institutions, of which at least 50.00% shall be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions to the extent possible;
- (ii) 11,050,000 new Tambun Indah Shares representing 5.00% of the enlarged issued and paid-up share capital of Tambun Indah will be made available for application by the Eligible Parties; and
- (iii) 9,900,000 new Tambun Indah Shares representing 4.48% of the enlarged issued and paid-up share capital of Tambun Indah will be made available for application by identified investors via private placement

DEFINITIONS (Cont'd)

“Public Issue Shares”	:	The 32,000,000 new Tambun Indah Shares, which are the subject of the Public Issue
“R&D”	:	Research & Development
“Record of Depositors”	:	A record provided by the Depository to our Company
“REHDA”	:	Real Estate and Housing Developers’ Association
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“ROC”	:	Registrar of Companies
“RPS”	:	Redeemable preference shares
“Rules of Depository” or “the Rules”	:	Rules of the Depository including any amendments that may be made from time to time
“SC”	:	Securities Commission
“SC Guidelines”	:	Equity Guidelines issued by the SC
“Siram Permai”	:	Siram Permai Sdn Bhd
“Sound Vantage”	:	Sound Vantage Sdn Bhd
“SSA(s)”	:	Conditional share sale agreement(s) for the Acquisitions dated 15 May 2010 entered into between Tambun Indah and the vendors of the Subsidiaries
“Subsidiaries”	:	Cenderaman, Denmas, Denmas Development, Epiland, Hong Hong, Intanasia, Jasniah, Juru Heights, Langstone, Perquest, Tambun Indah Development, Tambun Indah SB, TID Development, TKS Land, Tokoh Edaran and Zipac, collectively
“Tah-Wah”	:	Tah-Wah Sdn Bhd
“Tambun Indah” or “the Company”	:	Tambun Indah Land Berhad
“Tambun Indah Development”	:	Tambun Indah Development Sdn Bhd, a 70% subsidiary of Tambun Indah
“Tambun Indah Group” or “the Group”	:	Tambun Indah and its Subsidiaries, collectively
“Tambun Indah SB”	:	Tambun Indah Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“Tambun Indah Share(s)” or “Share(s)”	:	Ordinary share(s) of RM0.50 each in Tambun Indah
“TID Development”	:	TID Development Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“TKS Land”	:	TKS Land Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“Tokoh Edaran”	:	Tokoh Edaran Sdn Bhd, a wholly-owned subsidiary of Tambun Indah
“Sole Underwriter”	:	MIMB
“Underwriting Agreement I”	:	The underwriting agreement dated 15 November 2010 entered into between Tambun Indah and MIMB pursuant to the IPO

DEFINITIONS (Cont'd)

“Underwriting Agreement II”	:	The underwriting agreement dated 15 November 2010 entered into between Tambun Indah, the Offerors and MIMB pursuant to the IPO
“Valuers”	:	Henry Butcher Malaysia (Seberang Prai) Sdn Bhd
“Vendors of Cenderaman”	:	The vendors pursuant to the acquisition of Cenderaman, namely Siram Permai and Tah-Wah
“Vendors of Denmas”	:	The vendors pursuant to the acquisition of Denmas, namely Amal Pintas, Siram Permai and NLE
“Vendors of Denmas Development”	:	The vendors pursuant to the acquisition of Denmas Development, namely Amal Pintas, Siram Permai, Sound Vantage, Tah-Wah and Teh Eng Bew
“Vendors of Epiland”	:	The vendors pursuant to the acquisition of Epiland, namely Amal Pintas, Siram Permai, Sound Vantage and Teh Eng Bew
“Vendors of Hong Hong”	:	The vendors pursuant to the acquisition of Hong Hong, namely Siram Permai, Tah-Wah and Viewpoint Style Sdn Bhd
“Vendors of Intanasia”	:	The vendors pursuant to the acquisition of Intanasia, namely Siram Permai, Tah-Wah and Sound Vantage
“Vendors of Jasniah”	:	The vendors pursuant to the acquisition of Jasniah, namely Siram Permai and Tah-Wah
“Vendors of Juru Heights”	:	The vendors pursuant to the acquisition of Juru Heights, namely Amal Pintas, Siram Permai, Sound Vantage, Lai Fook Hoy and Teh Eng Bew
“Vendors of Langstone”	:	The vendors pursuant to the acquisition of Langstone, namely Poh Chean Hung and Ng Lai Lai
“Vendors of Perquest”	:	The vendors pursuant to the acquisition of Perquest, namely Alpha Master (M) Sdn Bhd, Amal Pintas, Maheesy Sdn Bhd, Siram Permai, Sound Vantage and Teh Eng Bew
“Vendors of Tambun Indah Development”	:	The vendors pursuant to the acquisition of Tambun Indah Development, namely Amal Pintas, Siram Permai and Tah-Wah
“Vendors of Tambun Indah SB”	:	The vendors pursuant to the acquisition of Tambun Indah SB, namely Alpha Master (M) Sdn Bhd, Amal Pintas, Maheesy Sdn Bhd, Siram Permai, Sound Vantage and Teh Eng Bew
“Vendors of TID Development”	:	The vendors pursuant to the acquisition of TID Development, namely Amal Pintas, Siram Permai, Sound Vantage, Tah-Wah and Teh Eng Bew
“Vendor of TKS Land”	:	The vendor pursuant to the acquisition of TKS Land, namely Siram Permai
“Vendors of Tokoh Edaran”	:	The vendors pursuant to the acquisition of Tokoh Edaran, namely Amal Pintas, Honour Symbol Sdn Bhd, Siram Permai, Sound Vantage, Lai Fook Hoy and Teh Eng Bew
“Vendor of Zipac”	:	The vendor pursuant to acquisition of Zipac, namely Ir. Teh Kiak Seng
“Zipac”	:	Zipac Development Sdn Bhd, a 50% owned subsidiary of Tambun Indah

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Tsai Yung Chuan <i>(Non-Independent Non-Executive Chairman)</i>	20, Lorong Taman Indah 6 Taman Tambun Indah 14100 Simpang Ampat Penang	Company Director	Taiwanese
Ir.Teh Kiak Seng <i>(Managing Director)</i>	509-12-02 Jalan Tanjung Bungah 11200 Tanjung Bungah Penang	Company Director	Malaysian
Teh Theng Theng <i>(Executive Director)</i>	No. 53A, Lorong Seri Cemerlang 1 Villa Palma 12200 Butterworth Penang	Company Director	Malaysian
Thaw Yeng Cheong <i>(Executive Director)</i>	6, Lorong Tambun Indah 16 Taman Tambun Indah 14100 Simpang Ampat Penang	Company Director	Malaysian
Dato' Hong Yeam Wah <i>(Non-Independent Non-Executive Director)</i>	No. 71, Lorong Seri Cemerlang 1 Villa Palma 12200 Butterworth Penang	Company Director	Malaysian
Dato' Mohamad Nadzim Bin Shaari <i>(Independent Non-Executive Director)</i>	No. 176 Persiaran Burhanuddin Helmi Taman Tun Dr Ismail, Damansara 60000 Kuala Lumpur	Company Director	Malaysian
Ong Eng Choon <i>(Independent Non-Executive Director)</i>	55, Westlands Road 10400 Penang	Company Director	Malaysian
Yeoh Chong Keat <i>(Independent Non-Executive Director)</i>	No. 4, Jalan 12/19 46200 Petaling Jaya Selangor	Company Director	Malaysian

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Mohamad Nadzim Bin Shaari	Chairman	Independent Non-Executive Director
Ir.Teh Kiak Seng	Member	Managing Director
Ong Eng Choon	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY

NOMINATION COMMITTEE

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

COMPANY SECRETARIES

Lee Peng Loon (MACS 01258)
53, Jalan Deva Pada
10400 Penang

P'ng Chiew Keem (MAICSA 7026443)
19, Tingkat Bukit Kecil 2
Taman Sri Nibong
11900 Penang

REGISTERED OFFICE

51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Tel : 04-2276888
Fax : 04-2298118

HEAD OFFICE

12-01, Penthouse
Wisma Pantai
Jalan Wisma Pantai
12200 Butterworth, Penang

Tel : 04-3240088
Fax : 04-3240090

e-mail : info@tambunindah.com
website : www.tambunindah.com

**AUDITORS AND REPORTING
ACCOUNTANTS**

UHY (AF 1411)
(formerly known as UHY Diong)
Chartered Accountants
51-21-F, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

SOLICITORS

Azman Davidson & Co
Suite 13.03, 13th Floor
Menara Tan & Tan
207 Jalan Tun Razak
50400 Kuala Lumpur

TAX AGENT/ADVISER

Taxnet Consultants Sdn Bhd
51-22-F, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

1. CORPORATE DIRECTORY

PRINCIPAL BANKERS	Malayan Banking Berhad No. 2741, 2742 & 2743 Jalan Chain Ferry Taman Inderawasih 13600 Prai Penang
	Public Bank Berhad 6862-6864, Jalan Bagan Jermal Bagan Ajam 13000 Butterworth Penang
ISSUING HOUSE AND SHARE REGISTRAR	MIDF Consultancy and Corporate Services Sendirian Berhad Level 8, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur
VALUERS	Henry Butcher Malaysia (Seberang Perai) Sdn Bhd No. 2708, Chain Ferry Road Kimsar Garden 13700 Prai Penang
INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	Vital Factor Consulting Sdn Bhd 75C & 77C, Jalan SS22/19 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan
ADVISER/ SOLE UNDERWRITER/ PLACEMENT AGENT	MIMB Investment Bank Berhad 12th Floor, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur
LISTING SOUGHT	Main Market of Bursa Securities

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2. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION IN RELATION TO OUR GROUP AND THE IPO, AND THE INFORMATION CONCERNED IS DERIVED FROM AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN OUR SHARES.

2.1 HISTORY AND BUSINESS

We were incorporated in Malaysia under the Act on 19 March 2008 as a private limited company under the name of Tambun Indah Land Sdn Bhd. On 10 May 2010, we were converted to a public company and assumed our current name. As at the LPD, our authorised share capital stood at RM250,000,000 comprising 500,000,000 Tambun Indah Shares, of which RM94,500,000 comprising 189,000,000 Tambun Indah Shares have been issued and fully paid-up.

We are principally an investment holding company. Pursuant to the Acquisitions, we became the holding company of the Subsidiaries which are involved in property development, investment holding and operation of car park as well as project and construction management.

Our Group was founded by our Managing Director, Ir. Teh Kiak Seng. With approximately 30 years of experience in the property development industry, he has been instrumental in the success, growth and development of Tambun Indah Group since we commenced operations.

The history of our Group can be traced back to 1994 with the incorporation of Tambun Indah SB. In 1995, our Group commenced the development of Taman Tambun Indah, Penang, on a 101.80 acre plot of land in Simpang Ampat. Our maiden project, Taman Tambun Indah comprised a gated and guarded residential area incorporating 287 units of bungalow lots and 44 units of double storey semi-detached houses with security features, coupled with good road networks, infrastructure and amenities such as educational facilities, Government offices and recreational grounds. Further information on our history and business are set out in Section 6.1 of this Prospectus.

Since the commencement of our Group's operations in 1994, we have established ourselves as a reputable property developer in mainland Penang with revenue of RM100.87 million for the FYE 31 December 2009.

Our Group has been innovative in terms of product differentiation in order to be a step ahead of our competitors. Our Palm Villas development and the first phase of Pearl Garden development with gated and garden concepts had attracted good response from home purchasers. All 148 units of three storeys courtyard terrace houses of our Palm Villas development have been fully sold and it was delivered one year ahead of schedule. The first phase of Pearl Garden development received good response upon its launching in November 2009 and March 2010.

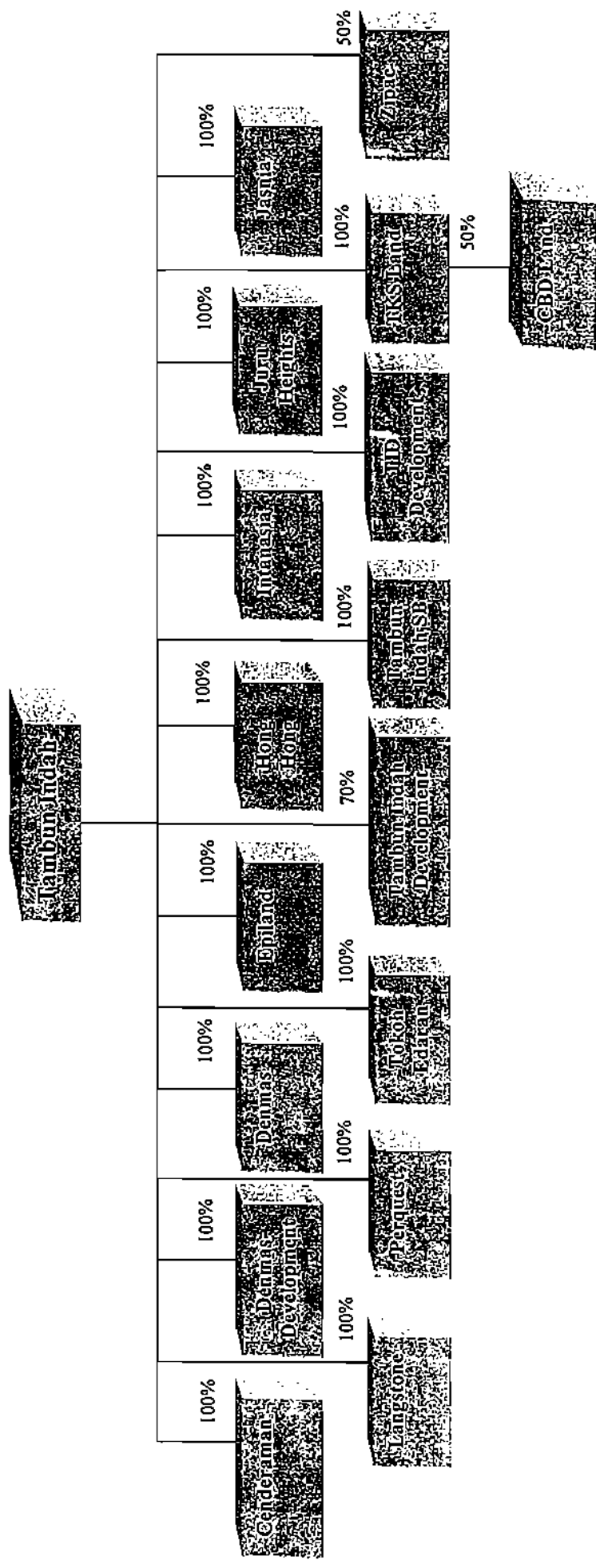
As at the LPD, our Group had developed a total of 2,345 units of residential and commercial properties with a total GDV of approximately RM565.35 million. Of this, 2,337 units were sold, which represented 99.66% of the total units of properties developed by our Group since we commenced operations.

As at the LPD, our Group has a land bank of approximately 210.98 acres located mainly in Simpang Ampat, Bukit Mertajam, Juru and Butterworth in Penang. Of this, approximately 113.65 acres have been approved for development of residential properties. In addition, we are currently in the midst of finalising a total purchases of approximately 101.82 acres of land (Parcel C) located in Simpang Ampat, Penang for future development of residential properties.

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2. INFORMATION SUMMARY

The structure of our Group is as follows:



Further information on our Group is set out in Section 5 of this Prospectus.

2. INFORMATION SUMMARY

2.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Our Promoters, substantial shareholders, Directors and key management personnel are as follows:

Name	Designation
<i>Promoters and substantial shareholders</i>	
Amal Pintas	-
Siram Permai	-
Tah-Wah	-
Ir. Teh Kiak Seng	Managing Director
Tsai Chia Ling	-
Tsai Yung Chuan	Non-Independent Non-Executive Chairman
Tsai Chang Hsiu-Hsiang	-
Dato' Hong Yeam Wah	Non-Independent Non-Executive Director
<i>Directors</i>	
Tsai Yung Chuan	Non-Independent Non-Executive Chairman
Ir. Teh Kiak Seng	Managing Director
Teh Theng Theng	Executive Director
Thaw Yeng Cheong	Executive Director
Dato' Hong Yeam Wah	Non-Independent Non-Executive Director
Dato' Mohamad Nadzim Bin Shaari	Independent Non-Executive Director
Ong Eng Choon	Independent Non-Executive Director
Yeoh Chong Keat	Independent Non-Executive Director
<i>Key personnel</i>	
Neoh Sze Tsin	Finance and Administration Manager
Ooi Boon Ewe	Project Manager
Kenny Sin Boon Kean	Project Manager
Lim Choon Hock	Quality Control Manager
Seow Li Fung	Contracts Manager
Chew Yoke Hoon	Sales Manager
Teh Peng Peng	Property Investment Manager

[The rest of this page is intentionally left blank]

2. INFORMATION SUMMARY

2.3 PROFORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following table sets out a summary of our proforma consolidated statement of comprehensive income for the past 3 FYE 31 December 2007 to 2009, and 2 FPE 30 June 2009 to 2010, prepared based on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated statement of comprehensive income are prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter included in the proforma consolidated financial information and the Accountants' Report as set out in Sections 13.5 and 14 respectively, of this Prospectus.

	← Proforma Group →				
	← Audited →			Unaudited	
	← FYE 31 December →		← FPE 30 June →		
	2007	2008	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	97,078	126,045	100,873	57,315	54,551
Cost of sales	(70,377)	(88,242)	(68,606)	(37,120)	(37,132)
GP	26,701	37,803	32,267	20,195	17,419
Other operating income	2,048	1,798	2,246	589	1,098
Administrative expenses	(408)	(2,668)	(1,733)	(1,012)	(713)
Selling and marketing expenses	(1,050)	(2,233)	(1,977)	(943)	(965)
EBIDTA	27,291	34,700	30,803	18,829	16,839
Depreciation expenses	(172)	(165)	(183)	(65)	(91)
EBIT	27,119	34,535	30,620	18,764	16,748
Financial costs	(120)	(74)	(602)	(1)	(387)
PBT	26,999	34,461	30,018	18,763	16,361
Taxation	(7,441)	(10,985)	(6,254)	(4,661)	(5,075)
PAT	19,558	23,476	23,764	14,102	11,286
Attributable to:					
Owners of the parent	19,559	23,508	23,866	13,248	11,370
MI	(1)	(32)	(102)	854	(84)
	19,558	23,476	23,764	14,102	11,286
GP margin (%)	27.50	29.99	31.99	35.23	31.93
PAT margin (%)	20.15	18.63	23.56	24.60	20.69
Number of Shares assumed in issue ('000) ⁽¹⁾	189,000	189,000	189,000	189,000	189,000
Net EPS (sen)					
- Basic ⁽²⁾	10.35	12.44	12.63	7.01	6.02
- Diluted ⁽³⁾	10.35	12.44	12.63	7.01	6.02
Trade receivables' turnover periods (months)	2.23	1.29	2.07	2.01	1.92
Trade payables' turnover periods (months)	1.56	0.94	1.26	2.67	1.18

Notes:

- (1) Based on the issued and paid-up share capital of RM94,500,000 comprising 189,000,000 Tambun Indah Shares immediately prior to the public issue.

2. INFORMATION SUMMARY

- (2) *Basic EPS calculated based on profit attributable to equity holders of the Tambun Indah Group for the financial years/period divided by the Tambun Indah Shares had the Tambun Indah Group been in existence.*
- (3) *Diluted EPS calculated based on profit attributable to equity holders of Tambun Indah Group for the financial years/period divided by the Tambun Indah Shares had the Tambun Indah Group been in existence. The Group has no potential Tambun Indah Shares in issue in each of the respective financial year and therefore, diluted EPS is presented as equal to basic EPS.*

There were no exceptional or extraordinary items in all the financial years presented.

Further details on the proforma consolidated statements of comprehensive income of our Group are set out in Section 13.1 of this Prospectus.

2.4 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets out the proforma consolidated statement of financial position of our Group as at 30 June 2010 to show the effects of the listing scheme on the assumption that it has been completed on 30 June 2010. The proforma consolidated statement of financial position are prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the accompanying notes and assumptions in the proforma consolidated financial information set out in the Section 13.5 of this Prospectus.

	As at 30.06.2010 RM'000	Proforma I After Acquisitious RM'000	Proforma II After Public Issue and Utilisation of Proceeds RM'000
Assets			
Non-Current Assets			
Goodwill on consolidation	-	1,193	1,193
Land held for development	-	12,298	12,298
Property, plant and equipment	-	710	710
Investment properties	-	8,510	8,510
	-	22,711	22,711
Current Assets			
Inventory	-	230	230
Property development costs	-	63,811	63,811
Receivables	-	35,410	35,410
Tax recoverable	-	1,560	1,560
Fixed deposits pledged with a licensed bank	-	292	292
Cash and cash equivalents	5	42,997	59,597
	5	144,300	160,900
Total Assets	5	167,011	183,611
Equity			
Share capital	#	94,500	110,500
Share premium	-	-	3,800
(Accumulated loss)/Retained profit	(16)	13,043	13,043
	(16)	107,543	127,343
MI	-	14,137	14,137
Total equity	(16)	121,680	141,480

2. INFORMATION SUMMARY

	As at 30.06.2010 RM'000	Proforma I After Acquisitions RM'000	Proforma II After Public Issue and Utilisation of Proceeds RM'000
Non-Current Liabilities			
Bank borrowings	-	8,227	5,461
Deferred taxation	-	335	335
	<u>-</u>	<u>8,562</u>	<u>5,796</u>
Current Liabilities			
Payables	21	26,277	26,277
Bank borrowings	-	8,115	7,681
Taxation	-	2,377	2,377
	<u>21</u>	<u>36,769</u>	<u>36,335</u>
Total Liabilities	<u>21</u>	<u>45,331</u>	<u>42,131</u>
Total Equity and Liabilities	<u>5</u>	<u>167,011</u>	<u>183,611</u>
Number of ordinary shares in issue ('000)	#	189,000	221,000
(NL)/NA (RM'000)	(16)	107,543	127,343
(NL)/NA per ordinary share (RM)	(4,000)	0.57	0.58

Note:

4 subscribers' shares of RM0.50 each before the Acquisitions.

2.5 AUDIT QUALIFICATIONS

There was no qualification reported in the audited accounts for all the companies within our Group for the years/period under review.

2.6 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

2.6.1 Share capital

	RM
<i>Authorised</i> 500,000,000 ordinary shares of RM0.50 each	<u>250,000,000</u>
<i>Issued and fully paid-up as at the LPD</i> 189,000,000 ordinary shares of RM0.50 each	94,500,000
<i>To be issued pursuant to the Public Issue</i> 32,000,000 ordinary shares of RM0.50 each	16,000,000
Enlarged share capital 221,000,000 ordinary shares of RM0.50 each	<u>110,500,000</u>
<i>Offer Shares to be offered pursuant to the Offer for Sale</i> 22,100,000 ordinary shares of RM0.50 each	11,050,000

2. INFORMATION SUMMARY

We only have one class of shares, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with each other. The IPO Shares shall rank *pari passu* in all respects with our existing Shares including voting rights and rights to all dividends and distributions that may be declared paid or made subsequent to the date of allotment thereof.

Subject to any special rights attaching to any Shares that may be issued by us in the future, our shareholders of our Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and the whole of any surplus in the event of liquidation, in accordance with our Articles.

Each ordinary shareholder shall be entitled to vote at any of our general meetings in person or by proxy or by attorney or by authorised representative, and on a show of hands, every person present who is a shareholder or proxy or attorney or authorised representative of a shareholder shall have one vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may, but need not be our member and the provision of Section 149(1)(b) of the Act shall not apply to us.

The above has been extracted from Section 3.7 of this Prospectus.

2.6.2 IPO Price of RM0.70 per IPO Share

The factors taken into consideration in the pricing of the IPO Shares are set out in Section 3.5 of this Prospectus.

2.7 UTILISATION OF PROCEEDS

The total gross proceeds arising from the Public Issue of approximately RM22.40 million will accrue entirely to us and shall be utilised in the following manner:

Purpose of utilisation	Estimated time frame for utilisation	RM'000
Working capital	Within 12 months from the date of Listing	12,700
Repayment of bank borrowings	Within 12 months from the date of Listing	7,100
Estimated listing expenses relating to the IPO	Within 3 months from the date of Listing	2,600
Total gross proceeds		22,400

Further information in relation to our utilisation of proceeds is disclosed under Section 3.10 of this Prospectus.

There is no minimum subscription to be raised from the Public Issue.

The Offer for Sale will raise total gross proceeds of approximately RM15.47 million which will accrue entirely to the Offerors and we will not receive any of the proceeds. The Offerors shall bear all incidental expenses such as the underwriting commission, placement fee, management fee, brokerage, registration fee and share transfer fee relating to their respective portions of the Offer for Sale.

2.8 DIVIDEND POLICY

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth.

Considering our current financial position, our Board intends to adopt a progressive dividend policy, subject to the factors stated in Section 13.4.16 of this Prospectus and in the absence of any circumstances which might reduce the amount of revenue reserve available to pay dividends, whether by losses, capital reduction or otherwise.

2. INFORMATION SUMMARY

Subject to the factors described above, our Board intends to pay dividends of between 40% to 60% of our PAT attributable to shareholders excluding non-recurring items after considering a number of factors, including our level of cash and retained earnings, results of operations, business prospects, capital requirements and surplus, general economic condition, contractual restrictions and other factors considered relevant by our Board, including our expected financial performance.

Further details on our dividend policy are set out in Section 13.4.16 of this Prospectus.

2.9 SUMMARY OF RISK FACTORS

An investment in the IPO Shares listed on Bursa Securities involves a certain degree of risk. Applicants for the IPO Shares should therefore rely on their own evaluation and are advised to carefully consider the following summary of risk factors (which may not be exhaustive) in addition to the detailed risk factors as set out in Section 4 of this Prospectus before applying for the IPO Shares:

	Further details in the following Sections
RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP	4.1
(1) Political, economic and regulatory considerations	4.1.1
(2) Business risks	4.1.2
(3) Competition from other developers	4.1.3
(4) Delay in completion of development projects	4.1.4
(5) Fluctuation in the cost of building materials	4.1.5
(6) Cost of development for property projects and demand risks	4.1.6
(7) Property overhang	4.1.7
(8) Location of land bank	4.1.8
(9) Dependency on contractors/sub-contractors	4.1.9
(10) Dependency on outsourced persons	4.1.10
(11) Dependency on licences and permits	4.1.11
(12) Borrowings/Fluctuation in interest rates	4.1.12
(13) Adequacy of insurance coverage	4.1.13
(14) Dependency on Directors and key management	4.1.14
(15) Influence by substantial shareholders	4.1.15
(16) Operations affected by material litigation, claim or arbitration	4.1.16
(17) Forward-looking statements	4.1.17
RISKS RELATING TO INVESTING IN OUR ISSUE SHARES	4.2
(18) Payment of dividends	4.2.1
(19) No prior market for our Shares	4.2.2
(20) Failure/Delay in the Listing	4.2.3
(21) Admission to the Official List of Bursa Securities not granted	4.2.4
(22) Volatility in the market price of our Shares	4.2.5
(23) Trading price and volume of Tambun Indah Shares	4.2.6

Please refer to Section 4 of this Prospectus for further details on the risk factors.

[The rest of this page is intentionally left blank]

3. PARTICULARS OF THE IPO

3.1 INTRODUCTION

This Prospectus is dated 29 December 2010.

A copy of this Prospectus has been registered and lodged with the SC and the ROC, together with the Application Forms and neither the SC nor the ROC takes any responsibility for its contents.

Approval obtained from the SC via its letter dated 12 October 2010 for the Listing shall not be taken to indicate that the SC recommends the IPO. You are advised to make your own independent assessment on our Group and should rely on your own evaluation to assess the merits and risks of the IPO and any investment in us.

Bursa Securities has approved our admission to the Official List of the Main Market of Bursa Securities and for the listing of and quotation for our enlarged issued and paid-up share capital on the Main Market of Bursa Securities vide its letter dated 14 December 2010. The listing of and quotation for our Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, the IPO Shares offered through this Prospectus will be deposited directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the Central Depositories Act and Rules of Bursa Depository.

Acceptance of the applications for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the quotation of our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities. Accordingly, monies paid in respect of any application accepted will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of this Prospectus or such longer period as may be specified by the SC, provided that we are notified by or on behalf of Bursa Securities within the aforesaid time frame. If any such monies are not repaid within fourteen (14) days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to the Listing Requirements, we must have at least 25% of our enlarged issued and paid-up share capital in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing. If we do not meet the public shareholdings requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full without interest, monies paid in respect of all applications.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of our merit of the Company or the merit of our Shares.

You must have a CDS account when applying for the IPO Shares. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares. In the case of an application by way of Application Form, you must state your CDS account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has CDS account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application. Please refer to Section 18 of this Prospectus for further details on the process of Application.

You should rely on the information contained in this Prospectus only. We and our advisers have not authorised anyone else to provide you with any information that is different and not contained in this Prospectus. Neither the delivery of this Prospectus nor any issue/offer made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

3. PARTICULARS OF THE IPO

The distribution of this Prospectus and the sale of the IPO Shares in other jurisdictions may be restricted by the law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares in any jurisdiction in which such invitation is not authorised or lawful, or to any person to whom it is unlawful to make such offer or invitation.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

3.2 OPENING AND CLOSING OF APPLICATION

The application for the IPO Shares shall open at 10.00 a.m. on 29 December 2010 and will remain open until 5.00 p.m. on 6 January 2011 or for such later period as our Directors, Promoters and Offerors together with our Sole Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted.

3.3 IMPORTANT TENTATIVE DATES

Opening date of the application for the IPO Shares	29 December 2010
Closing date of the application for the IPO Shares	6 January 2011
Tentative balloting date for applications for the IPO Shares	10 January 2011
Tentative allotment date of the IPO Shares to successful applicants	17 January 2011
Tentative listing date	18 January 2011

These dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. Our Directors, Promoters and Offerors together with our Sole Underwriter may in their absolute discretion, mutually decide to extend the closing date of the application to a further date. Should the closing date of the application be extended, the dates for the balloting, allotment of IPO Shares and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities would be extended accordingly. Any change to the closing date of the application will be advertised in a widely circulated Bahasa Malaysia and English newspaper in Malaysia.

3.4 DETAILS OF THE IPO

The IPO is subject to the terms and conditions as set out in this Prospectus and upon acceptance, the IPO Shares shall be allotted in the following manner:

3.4.1 Public Issue

The Public Issue of 32,000,000 Public Issue Shares, representing approximately 14.48% of our enlarged issued and paid-up share capital, at an IPO Price of RM0.70 per Tambun Indah Share are payable in full on application upon such terms and conditions as set out in this Prospectus will be allocated and allotted in the following manner:

(a) Malaysian public via balloting

11,050,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital, to be allocated via balloting, will be available for application by the Malaysian individuals, companies, co-operatives, societies and institutions, of which at least 50.00% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions to the extent possible.

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3. PARTICULARS OF THE IPO

(b) Eligible Parties

11,050,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital, will be made available for application by the Eligible Parties, based on the following criteria as approved by the Board:

For Directors and eligible employees

- (a) designation and position;
- (b) length of service;
- (c) job performance;
- (d) full time employee; and
- (e) at least 18 years of age.

For business associates

- (a) length of relationship; and
- (b) contribution and support to the growth of our Group.

Based on the above criteria, there are 4 Directors, and 49 eligible employees and business associates of our Group who are eligible to participate in the pink form allocation.

Details of pink form allocations to our eligible Directors are as follows:

Name	Designation	No. of Tambun Indah Shares allocated
Teh Theng Theng	Executive Director	123,000
Thaw Yeng Cheong	Executive Director	300,000
Ong Eng Choon	Independent Non-Executive Director	143,000
Yeoh Chong Keat	Independent Non-Executive Director	100,000

(c) Identified investors via private placement

9,900,000 Public Issue Shares, representing approximately 4.48% of our enlarged issued and paid-up share capital will be made available for application by identified investors via private placement.

The IPO Shares in respect of Section 3.4.1 (c) above need not and will not be underwritten.

The IPO Shares in respect of Sections 3.4.1 (a) and (b) above have been fully underwritten by the Sole Underwriter. Details on the underwriting commission, brokerage and placement fee relating to the Public Issue are set out in Section 3.11 of this Prospectus.

3.4.2 Offer for Sale

The Offer for Sale of 22,100,000 Offer Shares representing 10.00% of our enlarged issued and paid-up share capital at an IPO Price of RM0.70 are payable in full on application upon such terms and conditions as set out in this Prospectus will be allocated and allotted via private placement to identified Bumiputera investors approved by the MITI. The proceeds from the Offer for Sale will be accrued entirely to the Offerors.

3. PARTICULARS OF THE IPO

The details of the Offer for Sale and the shareholders offering the Offer Shares are as follows:

Offerors	Relationship	Address	Before the IPO		Shares offered pursuant to the Offer for Sale			After the IPO	
			No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	% ⁽²⁾	No. of Shares	% ⁽²⁾
Amal Pintas	Promoter/ Substantial shareholder	51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang	34,001,105	17.99	11,050,000	5.85	5.00	22,951,105	10.39
Tah-Wah	Promoter/ Substantial shareholder	Tingkat 2 47 Jalan Selat Taman Selat 12000 Butterworth Penang	30,009,386	15.88	10,155,488	5.37	4.60	19,853,898	8.98
NLE	Offeror	6779,1 st Floor Jalan Kampong Gajah 12200 Butterworth Penang	894,512	0.47	894,512	0.47	0.40	-	-

Notes:

(1) Based on the existing issued and paid-up share capital of our Company prior to the Public Issue comprising 189,000,000 Tambun Indah Shares.

(2) Based on the enlarged issued and paid-up share capital of our Company after the Public Issue comprising 221,000,000 Tambun Indah Shares.

The Offer Shares have been fully underwritten by the Sole Underwriter. Details of the underwriting commission, brokerage and placement relating to the Offer Shares are set out in Section 3.11 of this Prospectus.

3.4.3 Reallocation

In summary, the IPO Shares will be allocated and allotted in the following manner:

	Public Issue Shares	Offer Shares
Malaysian public via balloting	11,050,000	-
Eligible Parties	11,050,000	-
Identified investors via private placement	9,900,000	-
Bumiputera investors approved by the MITI	-	22,100,000
Total	32,000,000	22,100,000

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3. PARTICULARS OF THE IPO

Depending on the subscription rate for each of the above allocation, the Public Issue Shares and/or the Offer Shares may be reallocated to another category of allocation. The reallocation of the IPO Shares pursuant to the Public Issue and Offer for Sale shall be subject to the following priority:

- (i) any Offer Shares not subscribed for by the Bumiputera investors approved by the MITI under the Offer for Sale shall be made available for application by the Bumiputera public as part of the balloting process. Thereafter, any balance Offer Shares not subscribed by the Bumiputera public will either be made available for application by the Malaysian public and/or be placed to identified investors, the final allocation of which would be determined by the Sole Underwriter in the best interest of the Company. Subsequently, any unsubscribed Offer Shares shall be taken up by the Sole Underwriter in accordance with the terms and conditions of the Underwriting Agreement II;
- (ii) any of the Public Issue Shares under the pink form allocations not subscribed for by the Eligible Parties will first be re-allocated to those Eligible Parties who apply for excess Public Issue Shares on top of their pre-determined allocations on a proportionate basis (subject to rounding of odd lots). Thereafter, any unsubscribed Public Issue Shares under the pink form allocations shall be made available for application by the Malaysian public; and
- (iii) any of the unsubscribed Public Issue Shares in respect of Sections 3.4.1 (a) and (b) above, shall be taken up by the Sole Underwriter in accordance with the terms and conditions of the Underwriting Agreement I.

There is no minimum subscription amount to be raised from the Public Issue. All the Public Issue Shares available for application by the Malaysian public via balloting and the Eligible Parties as well as the Offer Shares available for application by Bumiputera investors to be approved by the MITI have been fully underwritten by our Sole Underwriter.

3.5 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price of RM0.70 per Share was determined and agreed upon by us, the Offerors and MIMB, as the Adviser, Sole Underwriter and Placement Agent based on various factors, including but not limited to the following:

- (i) (a) our proforma consolidated NA as at 30 June 2010 of approximately RM107.54 million or approximately RM0.57 per Share based on our issued and paid-up share capital upon completion of the Acquisitions comprising 189,000,000 Shares.

Based on our enlarged issued and paid-up share capital of 221,000,000 Shares, the IPO Price of RM0.70 per Share represents a premium of RM0.12 per Share or approximately 20.69% to the proforma consolidated NA per Share of approximately RM0.58 and a price to book ratio of approximately 1.21 times; and

- (b) based on the market value of our Group's properties appraised by the Valuers where there is a total revaluation surplus of approximately RM6.78 million as at 30 June 2010 (the details are set out in Section 7.1.2 of this Prospectus). Consistent with the FRS 3 Business Combinations adopted for the Acquisitions, no revaluation surplus will be incorporated in the financial statements of our Group. After taking into consideration the abovementioned revaluation surplus of approximately RM6.78 million, our proforma consolidated NA after the Acquisitions, IPO and utilisation of proceeds, will be approximately RM134.13 million or approximately RM0.61 per Share. As such, the IPO Price of RM0.70 per Share represents a premium of approximately RM0.09 per Share or approximately 14.75% to the said proforma revalued NA per Share and a price to book ratio of approximately 1.15 times;

3. PARTICULARS OF THE IPO

- (ii) (a) the net PE Multiple of approximately 5.54 times based on the historical net EPS of approximately 12.63 sen for the FYE 31 December 2009 and our enlarged issued and paid-up share capital upon completion of the Acquisitions comprising 189,000,000 Shares; and
- (b) the net PE Multiple of approximately 6.48 times based on the historical net EPS of approximately 10.80 sen for the FYE 31 December 2009 and our enlarged issued and paid-up share capital upon Listing of 221,000,000 Shares;
- (iii) the market value of the properties, as appraised by the Valuers, Henry Butcher Malaysia (Seberang Prai) Sdn Bhd of approximately RM129.71 million (further details are set out in Section 7 of this Prospectus);
- (iv) the operating and financial history of our Group as set out in Section 13 of this Prospectus; and
- (v) the prospects and future plans of our Group as set out in Section 6.22 of this Prospectus.

However, you should also note that our future market price of the IPO Shares upon Listing is subject to the market forces and other uncertainties, which may affect the price of our Shares being traded. You should form your own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.

3.6 PURPOSE OF THE IPO

The purposes of the IPO are as follows:

- (a) to obtain listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities;
- (b) to enable our Group to raise funds for the purposes specified in Section 3.10 of this Prospectus;
- (c) to provide an opportunity for Malaysian public and Eligible Parties to participate in the continuing growth of our Group by way of equity participation;
- (d) to enable our Group to gain access to the capital market to raise funds for our future expansion and growth; and
- (e) to enable our Group to gain recognition through its listing status and further enhance our corporate reputation and image which is aimed at expanding our customer base.

3.7 SHARE CAPITAL

	RM
<i>Authorised</i>	
500,000,000 ordinary shares of RM0.50 each	<u>250,000,000</u>
<i>Issued and fully paid-up as at the LPD</i>	
189,000,000 ordinary shares of RM0.50 each	94,500,000
<i>To be issued pursuant to the Public Issue</i>	
32,000,000 ordinary shares of RM0.50 each	16,000,000
Enlarged share capital	
221,000,000 ordinary shares of RM0.50 each	<u>110,500,000</u>
<i>Offer Shares to be offered pursuant to the Offer for Sale</i>	
22,100,000 ordinary shares of RM0.50 each	11,050,000

3. PARTICULARS OF THE IPO

The IPO Price is payable in full upon application, subject to the terms and conditions of this Prospectus.

We only have one class of shares, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another. The IPO Shares will rank *pari passu* in all respects with our existing Shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Subject to any special rights attaching to any Shares that may be issued by us in the future, our shareholders of our Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and the whole of any surplus in the event of liquidation, in accordance with our Articles.

Each ordinary shareholder shall be entitled to vote at any of our general meetings in person or by proxy or by attorney or by authorised representative, and on a show of hands, every person present who is a shareholder or proxy or attorney or authorised representative of a shareholder shall have one vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may, but need not be our member and the provision of Section 149(1)(b) of the Act shall not apply to us.

3.8 TOTAL MARKET CAPITALISATION

Based on the IPO Price and the enlarged issued and paid-up share capital comprising 221,000,000 Shares upon Listing, our total market capitalisation is approximately RM154.70 million.

3.9 DILUTION

Dilution is the amount by which the IPO Price to be paid pursuant to the Public Issue and the Offer for Sale exceeds the proforma NA per Share immediately after the IPO. Our proforma consolidated NA per Share as at 30 June 2010 before adjusting for the gross proceeds to be raised from the Public Issue and based on the issued and paid-up share capital as at the date of this Prospectus of 189,000,000 Shares was approximately RM0.57 for Illustration I and approximately RM0.61 for Illustration II.

Pursuant to the Public Issue, our proforma consolidated NA per Share as at 30 June 2010 after adjusting for the utilisation of gross proceeds to be raised from the Public Issue and based on the enlarged issued and paid-up share capital upon Listing of 221,000,000 Shares would have been approximately RM0.58 for Illustration I and increase to approximately RM0.61 for Illustration II. For Illustration I, this represents an immediate increase in adjusted NA of approximately RM0.01 per Share to our existing shareholders and dilution of approximately RM0.12 per Share, representing approximately 17.14% of an immediate dilution to our new investors. For Illustration II, there is no change to the adjusted NA to our existing shareholders but it represents a discount of approximately RM0.09 per Share, representing approximately 12.86% of an immediate discount to our new investors.

The following table illustrates such dilution on a per Share basis:

	Illustration I RM'000	Illustration II RM'000
IPO Price (RM)	0.70	0.70
Our proforma consolidated NA per Share as at 30 June 2010 before the Public Issue and Offer for Sale	0.57	0.61
Increase in the proforma consolidated NA per Share attributable to existing shareholders	0.01	-
Our proforma consolidated NA per Share as at 30 June 2010 after the Public Issue and Offer for Sale	0.58	0.61
Dilution in the proforma consolidated NA per Share to our new investors ^	0.12	0.09
Dilution in the proforma consolidated NA per Share as a percentage of the IPO Price	17.14%	12.86%

3. PARTICULARS OF THE IPO

Note:

^ Without taking into consideration the effect of the utilisation of the proceeds received pursuant to the Listing.

Apart from the Tambun Indah Shares received by the substantial shareholders pursuant to the Acquisitions, there is no acquisition of any existing equity securities in the Group by the key management, substantial shareholders or person connected with them during the past 3 years, or which they have the right to acquire.

3.10 UTILISATION OF PROCEEDS

The total gross proceeds of RM22.40 million arising from the Public Issue shall accrue entirely to us and are planned to be utilised within the 3 to 12 months after the date of Listing in following manner:

Purpose of utilisation	Note	Expected time frame for utilisation	RM'000
Working capital	(a)	Within 12 months from the date of Listing	12,700
Repayment of bank borrowings	(b)	Within 12 months from the date of Listing	7,100
Estimated listing expenses relating to the IPO	(c)	Within 3 months from the date of Listing	2,600
Total gross proceeds			22,400

Notes:

(a) Working capital

Of the total proceeds, RM12.70 million will be used as general working capital for our Group including the payment of construction cost (which includes payment to contractors and suppliers of building materials) and operating and marketing expenses such as advertisement, printing and payment of staff costs.

The allocation of the working capital is set out as follows:

<i>General working capital</i>	<i>RM'000</i>
<i>Payment of construction cost</i>	<i>11,500</i>
<i>Operating and marketing expenses</i>	<i>1,200</i>
<i>Total</i>	<i>12,700</i>

(b) Repayment of bank borrowings

Our Group shall set aside RM7.10 million of the total proceeds for the repayment of our Group's bank borrowings. The bank borrowings has been utilised to part finance the development costs for IntanAsia (Tanjung Heights development) of approximately RM3.20 million and TID Development (BM Residence development) of approximately RM3.90 million. As at the LPD, our Group's total bank borrowings amounted to approximately RM23.26 million.

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3. PARTICULARS OF THE IPO

The allocation for repayment of our Group's bank borrowings is set out as follows:

<i>Borrower</i>	<i>Lender</i>	<i>Type of facility</i>	<i>Limit of facility (RM'000)</i>	<i>Amount outstanding (RM'000)</i>	<i>Repayment of bank borrowings (RM'000)</i>	<i>Estimated annual interest savings * (RM'000)</i>
<i>Intanasia</i>	<i>Malayan Banking Berhad</i>	<i>Term loan</i>	<i>3,200</i>	<i>3,200</i>	<i>3,200</i>	<i>162</i>
<i>TID Development</i>	<i>OCBC Bank (Malaysia) Berhad</i>	<i>Term loan</i>	<i>3,900</i>	<i>3,900</i>	<i>3,900</i>	<i>197</i>
Total			7,100	7,100	7,100	359

Note:

- Based on the interest rate of 5.05% per annum.

(c) *Estimated listing expenses*

We shall bear all the estimated expenses such as brokerage, underwriting, placement and registration fees relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for our enlarged issued and paid-up share capital after the IPO on the Main Market of Bursa Securities, which are estimated at RM2.60 million.

The estimated listing expenses are tabulated below:

	<i>RM'000</i>
<i>Professional fees ⁽¹⁾</i>	<i>1,200</i>
<i>Fees to the authorities</i>	<i>200</i>
<i>Underwriting, placement and brokerage fees</i>	<i>750</i>
<i>Printing, advertising and other expenses in relation to the Listing</i>	<i>290</i>
<i>Contingencies</i>	<i>160</i>
Total	<u>2,600</u>

Note:

- (1) Includes fees from Adviser, solicitors, reporting accountants, valuers and other professional advisers. It must be noted that the above figure is only an estimated amount.

The said amount of RM2.60 million is expected to be utilised within 3 months from the date of listing of our Shares on the Main Market of Bursa Securities.

In the event that the actual utilisation is lower than the amount allocated above, the difference will be used for working capital of our Group.

The total gross proceeds from the Offer for Sale amounting to RM15.47 million shall accrue entirely to the Offerors. The Offerors shall bear all incidental expenses in relation to the Offer for Sale including the underwriting and placement commissions and brokerage fees relating thereto.

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3. PARTICULARS OF THE IPO

The proposed utilisation of proceeds from the Public Issue is expected to have, amongst others, the following positive impact to our Group:

(i) **Improve cash flow position**

The additional working capital funds of RM12.70 million arising from the Public Issue are expected to strengthen the liquidity and cash flow position of our Group in the future. Accordingly, the Public Issue is expected to enhance the future earnings of our Group.

(ii) **Interest savings**

The Group's bank borrowings will be reduced by RM7.10 million. At the prevailing average interest rate of approximately 5.05% per annum as shown in note (b) above, our Group would be able to save interest cost of approximately RM0.36 million per annum.

(iii) **Lower gearing**

As at the LPD, our Group's total bank borrowings are approximately RM23.26 million which resulted to a low gearing of 0.17 times. The Group's gearing will reduce to 0.12 times after the utilisation of proceeds.

With a lower gearing, our Group is in a better position to undertake new projects and raise new financing as and when the need arises as compared to other property developers with a higher gearing. In addition, our Group's priority is to purchase land for future developments from internally generated funds, so as to incur less interest cost from interest-bearing borrowings, to reduce our financial risks and to reinforce our financial strengths. This will also put us in a better position while facing unfavourable economic conditions as compared to other property developers with a higher gearing.

3.11 BROKERAGE, PLACEMENT AND UNDERWRITING COMMISSION

Brokerage relating to the Public Issue Shares and Offer Shares will be borne by us and our Offerors respectively at the rate of 1% of the IPO Price in respect of successful applications bearing the stamp of either MIMB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banks Association or the Issuing House.

The Sole Underwriter has agreed to underwrite up to 22,100,000 Public Issue Shares and 22,100,000 Offer Shares which are available for application by the Malaysian public, Eligible Parties and Bumiputera investors. The underwriting commissions are as follow:

- (i) 2.5% of the IPO Price in respect of the 11,050,000 Shares to be underwritten under the Public Issue allocated for application by the Malaysian public payable by us;
- (ii) 0.5% of the IPO Price in respect of the 11,050,000 Shares to be underwritten under the pink form allocation payable by us; and
- (iii) 0.5% of the IPO Price in respect of the 22,100,000 Offer Shares and 2.0% of the IPO Price in respect of the unsubscribed Offer Shares to be underwritten under the Offer for Sale payable by the Offerors.

The placement fee is payable by us and the Offerors to the Placement Agent at a rate of 2% of the IPO Price in respect of the number of Public Issue Shares and Offer Shares successfully placed out.

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3. PARTICULARS OF THE IPO

3.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENTS

The salient terms and conditions of the Underwriting Agreement I and II as extracted from the Underwriting Agreement I and II are set out below. All references and definitions are as provided in the Underwriting Agreement I and II.

The salient terms and conditions of the Underwriting Agreement I are as follows:

"6 Conditions Precedent

6.1 *The several obligations of the Underwriter under this Agreement shall further be conditional upon:*

- (a) *all necessary approvals and consents, if required in relation to the Proposals, including but not limited to regulatory approvals, having been obtained by the Company and remaining in full force and effect;*
- (b) *SC and Bursa Securities having approved in principle (and if any such approval shall be conditional, all conditions thereto being in terms acceptable to the Underwriter), on or prior to the date of the Issue Document, for the admission of the Public Issue Shares and Offer for Sale Shares to the Official List of the Main Market and listing of and quotation of the entire enlarged issued and paid-up share capital of the Company on the Main Market;*
- (c) *the registration with the SC and lodgement with the ROC of the Issue Document and all documents required under Section 42 of the Companies Act on or before the issue, circulation or distribution of the Issue Document;*
- (d) *the delivery to the Sole Underwriter prior to the date of registration of the Prospectus of (i) a true copy of the Company's board resolution and (ii) a true copy of members resolution approving this Agreement, the contents of the Issue Document and authorising the execution of this Agreement;*
- (e) *the issuance of the Prospectus required under Section 42 of the Companies Act to the public within three (3) months from the date hereof or such extension as consented by the Underwriter;*
- (f) *a delivery to the Underwriter, as the Underwriter may reasonably require, a report or confirmation from the board of Directors of the Company in such form and substance satisfactory to the Underwriter, to confirm in the format as provided in Schedule 4 herein confirming there has not been any material adverse change in the condition (financial or otherwise) of the Company or any of its Subsidiaries from that as set forth in the Issue Document which is material in the context of the Proposals or in the opinion of the Underwriter concerned would adversely affect the success of the Proposals thereunder or any occurrence of any event rendering untrue or incorrect to an extent which is material in any of the Warranties contained in Clauses 3.1 and 3.2 if they are repeated on and as of the Closing Date;*
- (g) *the Underwriter being satisfied that the Company has complied with and that the Proposals are in compliance with the relevant statute, order, rule, directive, regulation, policies, guidelines and requirements of the relevant authorities of Malaysia, including but not limited to the SC, and all revisions, amendments and/or supplements thereto (whether or not having the force of law) and that the Proposals are not being prohibited or impeded by any of the above;*

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3. PARTICULARS OF THE IPO

- (h) *all information contained in the Issue Document shall remain accurate, complete and up to date, up to the Closing Date with no material omission or withholding of material information. No material variation in the Issue Document shall be made without the consent of the Underwriter (which consent shall not be unreasonably withheld) with regard to the matters following, namely:*
- (i) *the constitution of the board of Directors and key management of the Company;*
 - (ii) *the authorised and issued share capital of the Company;*
 - (iii) *the number of Public Issue Shares and Offer for Sale Shares, the number of Underwritten Shares, the par value of each Share and the Issue Price;*
 - (iv) *information or statements relating to any litigation, arbitration or other legal proceedings of a material nature affecting the Company and/or its Subsidiaries;*
 - (v) *information or statements relating to any contingent liabilities, material contracts, capital commitments, encumbrances and financial condition affecting the Company and/or its Subsidiaries;*
 - (vi) *the business of the Company and its Subsidiaries;*
 - (vii) *the Closing Date;*
 - (viii) *the corporate structure of the Tambun Indah Group;*
 - (ix) *the risk factors as disclosed in the Issue Document;*
 - (x) *gearing ratio and earnings of the Company and/or the Tambun Indah Group;*
 - (xi) *net tangible assets of the Company and/or the Tambun Indah Group; and*
 - (xii) *the utilisation of proceeds from the Public Issue.*
- 6.2 *If any of the conditions stated in Clause 6.1 is not satisfied or complied with to the satisfaction of the Underwriter on or before the Closing Date or on such later date as may be stipulated in any of the said conditions, the Underwriter shall be entitled to terminate this Agreement by notice in writing delivered to the Company and in such event the Underwriter and the Company shall be released and discharged from their obligations hereunder and none of the parties shall have a claim against the other save for antecedent breaches by the Company and claims arising therefrom and without prejudice to the Underwriter's rights under Clause 11, Clause 12 and Clause 4 herein.*
- 6.3 *To the extent permitted by law, the Underwriter reserves the right to waive any of the conditions precedent stated in Clause 6.1 but without prejudice to the rights of the Underwriter under this Agreement.*

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3. PARTICULARS OF THE IPO

14 Termination

14.1 Notwithstanding anything herein contained however without prejudice to sub-clause 14.3 below, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Unsubscribed Underwritten Shares if:

- (a) there is any failure on the part of the Company to perform any of its material obligations contained herein or any material breach by the Company of any of the Conditions Precedent, Undertakings or Warranties, which, if capable of remedy, is not remedied within such number of days as may be stipulated in the notice of breach given to the Company which, in the opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations or financial condition of the Company and its Subsidiaries or the success of the Proposals;
- (b) if the Company withholds information of a material nature from the Underwriter which is required to be disclosed pursuant to this Agreement, which, in the opinion of the Underwriters, would have or can reasonably be expected to have a material adverse effect on the business or operations or financial condition of the Company and its subsidiaries or the success of the Proposals;
- (c) if the Company on its own volition withdraws, terminates or cancels the Proposals;
- (d) if the approval-in-principle of Bursa Securities for the admission of the Company in the Official List of Bursa Securities or SC for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market is withdrawn or not procured or if procured, is subject to conditions not acceptable to the Underwriter;
- (e) there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company and its Subsidiaries which is not attributable to the Company's act or omission;
- (f) there shall have occurred, happened or come into effect:
 - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; and
 - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including but not limited to acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage or acts of war),

which would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company and its Subsidiaries or the success of the Proposals, or which is likely to have the effect of making any material part of this Agreement incapable of performance with its terms pursuant to the underwriting thereof; or

- (g) if the FBMKLCI falling below 1,200 points for three (3) consecutive market days.

3. PARTICULARS OF THE IPO

14.2 Upon such notice being given under Clause 14.1, the Underwriter shall be released and discharged of their obligations without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that:

- (1) if the termination is pursuant to subclause 14.1(d), (e), (f) or (g) above, then:
 - (a) the Company shall be liable to pay to the Underwriter an abortive fee at the rate of zero point five per cent (0.5%) of the Issue Price per Underwritten Share; and
 - (b) the Company shall remain liable in respect of any of its obligations and liabilities under Clause 12 for the payment of the costs and expenses already incurred up to the date on which such notice was given or any antecedent breach; or
- (2) if the termination is pursuant to subclause 14.1(a), (b) or (c) above, then:
 - (a) the Company shall be liable to pay to the Underwriter an abortive fee at the rate of one point five per cent (1.5%) of the Issue Price per Underwritten Share; and
 - (b) the Company shall remain liable in respect of any of its obligations and liabilities under Clause 12 for the payment of the costs and expenses already incurred up to the date on which such notice was given or any antecedent breach,

all of which shall be paid by the Company to the Underwriter within three (3) Market Days from the receipt of such notice. Any payment made in advance by any Party to the other shall be returned to that Party free of interest within three (3) Market Days of the receipt of such notice of termination.

14.3 Notwithstanding Clause 14.2 above, if any of the events in sub-clause 14.1 (d), (e), (f) and (g) occurs, the Company and the Underwriter may mutually agree to defer the Proposals by amending the terms of the Proposals. Following thereto, the Parties shall have the discretion to either vary the terms of this Agreement or execute a new underwriting agreement on the terms to be mutually agreed between the Parties but subject to the new terms of the Proposals.

Save for Clause 6.1 above which is similarly provided in the Underwriting Agreement II, the salient terms of the Underwriting Agreement II are as follows:

- 6.2 If any of the conditions stated in Clause 6.1 is not satisfied or complied with to the satisfaction of the Underwriter on or before the Closing Date or on such later date as may be stipulated in any of the said conditions, the Underwriter shall be entitled to terminate this Agreement by notice in writing delivered to the Company and each of the Offerors and in such event the Underwriter, the Offerors and the Company shall be released and discharged from their obligations hereunder and none of the parties shall have a claim against the other save for antecedent breaches by the Company or any of the Offerors and claims arising therefrom and without prejudice to the Underwriter's rights under Clause 11, Clause 12 and Clause 4 herein.
- 6.3 To the extent permitted by law, the Underwriter reserves the right to waive any of the conditions precedent stated in Clause 6.1 but without prejudice to the rights of the Underwriter under this Agreement.

3. PARTICULARS OF THE IPO

14 Termination

14.1 *Notwithstanding anything herein contained however without prejudice to sub-clause 14.3 below, the Underwriter may by notice in writing to the Company and the Offerors given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Unsubscribed Underwritten Shares if:*

- (a) *there is a failure on the part of the Company or any of the Offerors to perform any of its material obligations contained herein or any material breach by the Company or any of the Offerors of any of the Conditions Precedent, Undertakings or Warranties, which, if capable of remedy, is not remedied within such number of days as may be stipulated in the notice of breach given to the Company or any of the Offerors which, in the opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Company and its Subsidiaries or the success of the Proposals;*
- (b) *if the Company or any of the Offerors withholds information of a material nature for the Underwriter which is required to be disclosed pursuant to this Agreement, which, in the opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Company and its subsidiaries or the success of the Proposals;*
- (c) *if the Company on its own volition withdraws, terminates or cancels the Proposals;*
- (d) *if the approval-in-principle of Bursa Securities for the admission of the Company in the Official List of Bursa Securities or SC for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market is withdrawn or not procured or if procured, is subject to conditions not acceptable to the Underwriter;*
- (e) *there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company and its Subsidiaries which is not attributable to the Company's act or omission;*
- (f) *there shall have occurred, happened or come into effect:*
 - (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; and*
 - (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including but not limited to acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage or acts of war),*

which would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company and its Subsidiaries or the success of the Proposals, or which is likely to have the effect of making any material part of this Agreement incapable of performance with its terms pursuant to the underwriting thereof; or

- (g) *if the FBMKLCI falling below 1,200 points for three (3) consecutive market days.*

3. PARTICULARS OF THE IPO

14.2 Upon such notice being given under Clause 14.1, the Underwriter shall be released and discharged of their obligations without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that:

(1) if the termination is pursuant to subclause 14.1(d), (e), (f) or (g) above, then:

(a) the Company/Offerors shall be liable to pay to the Underwriter an abortive fee at the rate of zero point five per cent (0.5%) of the Issue Price per Underwritten Share; and

(b) the Company/Offerors shall remain liable in respect of any of its obligations and liabilities under Clause 12 for the payment of the costs and expenses already incurred up to the date on which such notice was given or any antecedent breach; or

(2) if the termination is pursuant to subclause 14.1(a), (b) or (c) above, then:

(a) the Company/Offerors shall be liable to pay to each of the Underwriter an abortive fee at the rate of one point five per cent (1.5%) of the Issue Price per Underwritten Share; and

(b) the Company/Offerors shall remain liable in respect of any of its obligations and liabilities under Clause 12 for the payment of the costs and expenses already incurred up to the date on which such notice was given or any antecedent breach and the Underwriter's Fees,

all of which shall be paid by the Company/Offerors to the Underwriter within three (3) Market Days from the receipt of such notice. Any payment made in advance by any Party to the other shall be returned to that Party free of interest within three (3) Market Days of the receipt of such notice of termination.

14.3 Notwithstanding Clause 14.2 above, if any of the events in sub-clause 14.2 (d), (e), (f) and (g) occurs, the Company, the Offerors and the Underwriter may mutually agree to defer the Proposals by amending the terms of the Proposals. Following thereto, the Parties shall have the discretion to either vary the terms of this Agreement or execute a new underwriting agreement on the terms to be mutually agreed between the Parties but subject to the new terms of the Proposals.

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4. RISK FACTORS

Notwithstanding the prospectus of our Group as outlined in this Prospectus, you should carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on the future performance of our Group. You should carefully consider the risks and investment considerations set out below along with other information contained herein before you make your investment decision. If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

4.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

4.1.1 Political, economic and regulatory considerations

The operations of our Group are closely linked to the economic fundamentals and political stability of Malaysia. Any adverse developments in the political and economic environment and any uncertainties in Malaysia could materially and adversely affect the financial performance of our Group. Political and economic uncertainties include, but not limited to, risk of war, expropriation, nationalisation and unfavourable changes in the Government's policies such as changes in interest rates, methods of taxation, exchange control regulations or the introduction of new rules and regulations.

Although our Group seeks to mitigate such risk by implementing prudent financial management and efficient operating procedures, there can be no assurance that any changes to these factors will not have a material adverse effect on the financial performance and business of our Group.

4.1.2 Business risks

Our Group is subject to risks inherent in the property development sector. These include, but are not limited to, changes in general economic conditions, Government regulations, inflation and changes in business conditions such as deterioration in prevailing market conditions, changes in labour, increases in labour cost, availability and rising cost of financing and fluctuating demand for residential, commercial and industrial properties. Our Group has taken considerable steps to minimise these business risks by providing attractive designs for its competitively priced properties at strategic locations and responding quickly to the changing consumer preference and requirements. Our Group's successful handling of its projects through the 1997, 2008 and 2009 financial crisis proved the ability of its astute management team to manage the risks well.

Although, our Group seeks to mitigate these risks, there can be no assurance that any change to these factors would not have a material impact on the business and financial performance of our Group. There can also be no assurance that the demand for our Group's medium to higher-end properties can be sustained.

4.1.3 Competition from other developers

Although competition from new entrants is limited due to the high cost of entry into the property development industry, our Group faces competition from existing players in the industry. The competition arises in respect of the availability of strategically located and reasonably priced land banks, the supply of raw materials and the selling of properties.

Our Group has taken pro-active measures to mitigate these risks which include reviewing its development and marketing strategies in response to the ever changing market conditions and to adopt different development concepts and innovative designs that will correctly position itself to meet the needs of the target market.

Our Group's marketing efforts have also proven to be effective as demonstrated by the success of our pre-launch sales.

4. RISK FACTORS

Although our Group seeks to stay competitive by taking various pro-active steps as mentioned above in its endeavours to secure new developing opportunities, no assurance can be given that any changes to these factors will not have any material adverse effect on our Group's business.

4.1.4 Delay in completion of development projects

Completion of a new development and/or construction project on time is dependent on many external factors which may be beyond the control of our Group, such as obtaining approvals from various regulatory authorities as scheduled, sourcing and securing quality construction materials in adequate amounts, favourable credit terms and satisfactory performance of contractors who were appointed to complete the development project.

Our Group monitors the project schedules closely to minimise any delay in completion of our projects. Our Group is proud of our track record for timely completion of our projects as shown in Section 6.3.2 of this Prospectus. Notwithstanding our Group's monitoring efforts, there can be no assurance that the projects will not be delayed as the above mentioned factors are beyond the control of our Group. Any delays may have a direct impact on our profitability and reputation.

4.1.5 Fluctuation in the cost of building materials

Fluctuation in material costs are an inherent risk in the property development industry. The materials used in our development projects represent a significant portion of the total development costs. Any increase in materials costs may affect our Group profit margin where the selling prices of our properties are fixed. Even if we are able to increase the selling price of our development properties, the demand may be adversely affected. Further, if there is a shortage of these materials, it is difficult for us to obtain the amount of materials required or at prices that are commercially acceptable.

There can be no assurance that any change in the cost of our development projects will not have a material impact on our performance. Nonetheless, our Board will ensure that our Company will seek to manage the cost of development for our Group's projects through close project supervision, monitoring and planning.

4.1.6 Cost of development for property projects and demand risks

Appreciation of land costs and fluctuations of construction costs are inherent risks in the property development industry. Higher cost of land and construction costs, such as cost of materials, labour costs, sub-contractors fees and overheads, will affect the profit margin of property developers where the selling prices of its development properties and demand for these properties may be adversely affected.

Our Group has a policy to continue striving to search for strategic land banks with access and which are sited near established neighbourhood locations. Feasibility studies on logistics, income, living standard, mix of developments and competitors in the vicinity of the targeted land banks are usually conducted to confirm its viability. The feasibility studies will also enable our Group to decode the type of development that is suitable for the targeted land.

Our Group aims to keep its construction costs low by establishing an open tender process for our projects. Our Group can select and award the tender based on price competitiveness, experiences and track record of the suppliers/contractors without comprising the quality.

Our reliability and long-term relationships with building material suppliers/contractors, will ensure their continuous support to our Group in the future.

4. RISK FACTORS

4.1.7 Property overhang

The increase in property overhang is commonly due to an over supply and/or low take-up of new launches by developers. A continuing rise in property overhang will have an impact on property developers within the industry. The property development industry is dependent on the economic and political conditions of Malaysia, and is usually one of the first few sectors to reflect the recovery or downturn in the economy.

Our Group will continue to institute various measures to ensure the viability and ability of our Group to withstand the effects arising from the property overhang risks. These include, inter-alia, delivering quality services and timely project completion, strengthening on our Group's credit control policies, close monitoring of project costs and sub-contractors' performances to ensure the order book and profitability of our Group is sustained.

4.1.8 Location of land bank

The success of our Group in the property development sector is dependent on the location of our land banks. Although our quantity of land banks is not significant as compared to other property developers, our locations are good. Currently, our Group has land banks totalling approximately 210.98 acres for development purposes, strategically located in Simpang Ampat, Bukit Mertajam, Juru and Butterworth in Penang. In addition, by an option agreement, our Group has an option to acquire a total of 101.82 acres of land (Parcel C) for our future development projects, which are located in Simpang Ampat, Penang and situated next to Bandar Tasik Mutiara, an existing and growing township. All of these land banks are located approximately 10 km from the Prai Free Trade Zone and the Penang Bridge which are considered prime as the property is sought after by the buyers who commute and work within the said locality. Whilst the development of Pearl Garden in Simpang Ampat remains our core project, we are well supported and diversified by several other projects in prime areas town areas like Butterworth, Juru and Bukit Mertajam. Sales of properties in these prime areas have been quite constant. Although the outlook for the property development sector in these areas seems promising, there can be no assurance that the properties offered by our Group will fetch higher premiums in the future or that the demand for such properties will be sustained.

Nonetheless, our Group is selectively looking for strategically located land banks to acquire or jointly develop within Peninsular Malaysia for future development projects of our Group.

4.1.9 Dependency on contractors/sub-contractors

Suppliers and contractors are engaged on a project to project basis. There is no assurance that our Group will be able to procure supplies or services from its suppliers and contractors in a timely manner for our Group's projects in future. Nonetheless, our Board is of the opinion that contractors can be engaged readily in view of the numerous contractors in the industry. Hence, the risk of over-dependence on any contractor is minimal.

Our group is prudent in selecting contractors. The criteria taken into consideration include experiences, track record and qualifications of the contractors and the workers. Our Board will ensure continuous reviews and evaluations of work in progress of each project awarded to ensure the timely completion and high quality of projects.

4.1.10 Dependency on outsourced persons

As at the LPD, our Group has a total of 43 employees who are involved in the day to day operations and are focused on different areas within their expertise. Our Group also subcontracts the development projects and outsources certain scope of works in respect of architecture, interior designing, and land surveying to other professionals to complement our Group's operations. Our Group is able to maintain our low fixed overheads.

4. RISK FACTORS

The subcontracted or outsourced works are carried out by qualified professionals under the strict supervision of our staff. They are subject to a stringent screening process during the tender process by our Group, in terms of capability and track records. Hence, our Group is in the position to closely monitor the performance and quality of these professionals and their works in a timely manner. Furthermore, we have also been using certain of these professionals for up to 14 years based on the quality of their works. Notwithstanding the foregoing, our Group's profitability may be affected should the outsourced professionals are unable to perform the works at the agreed price or based on quality required or within the agreed time. However, our Group would still be able to source for alternative professionals should the need arises.

4.1.11 Dependency on licences and permits

Our ability to continue with our business and operations is highly reliant on obtaining our major licences and permits, in particular the developer's licences issued by the Government. The loss of licences would adversely affect our ability to continue operations and generate earnings. Delays in the process of obtaining the requisite licences, permits or approvals from Government agencies or authorities could also increase the costs or delay or prevent the commercial operation of the relevant projects.

Nonetheless, our Group currently have all the necessary licences and permits to carry out our business and not aware of any circumstances that might result in the loss of such licenses and permits.

4.1.12 Borrowings/Fluctuation in interest rates

The performance of the market is correlated to the movement in interest rates. The fluctuation in interest rates could materially affect the interest changes incurred on our Group's outstanding borrowings and hence affect our Group's profitability. It also may affect the demand for the properties, as higher interest rate may effectively lead to an increase in the price of houses for prospective buyers. Apart from this, as trends in the local property industry are clearly heading towards the higher-end market and coupled with innovative and high-end products, there can be no assurance that the interest rates will not increase and the demand of our Group's properties will not be adversely affected in future.

Nonetheless, our Board is of the opinion that our Group's gearing is manageable as the gearing ratio of our Group is relatively low. Our Board believes that it will not significantly affect our Group.

4.1.13 Adequacy of insurance coverage

Our Group is also subject to other general risks associated with our business which may affect our operations and financial performance, such as breakout of fire, energy crisis, flood, accidents and others.

The respective companies within our Group have obtained insurance policies from various insurance agencies such as contractors' all risks insurance, fire insurance, workers' insurance and public liability insurance to mitigate any losses which may arise. However, there is no assurance that the insurance coverage for the above risks will continue to be available in the future, or be equivalent to the amount that is equal to the full market value or replacement cost of the insured assets. In addition, there is no assurance that the particular risks will continue to be insurable.

In ensuring that such risks are mitigated, we will review and ensure adequate insurance coverage for the above risks. Nonetheless, there is no assurance, however, that can be given that the above risks, if they occur, will not have a material adverse effect on the performance of our Group.

4. RISK FACTORS

4.1.14 Dependency on Directors and key management

Our Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of our existing Directors and senior management. Our Group's future success will also depend upon our ability to attract and retain skilled personnel. As such, our Directors have taken steps to ensure that the employees are given recognition for their contribution to the success of our Group and continuous incentives in terms of bonuses are given to the employees to help our Group in fulfilling its objectives.

Any significant or sudden loss of services of key management personnel may have a temporary adverse effect on the business and financial performance of our Group until such time an appropriate succession takes place.

4.1.15 Influence by substantial shareholders

Presently, the substantial shareholders of our Group (both direct and indirect) are Amal Pintas, Siram Permai, Tah-Wah, Ir. Teh Kiak Seng, Tsai Yung Chuan, Tsai Chang Hsiu-Hsiang, Tsai Chia Ling and Dato' Hong Yeam Wah. Following the IPO, they will hold approximately 62.00% of our enlarged issued and paid-up share capital of RM110,500,000 comprising 221,000,000 Shares.

The aforesaid substantial shareholders may be able to influence the outcome of certain matters requiring the votes of our shareholders unless they are required to abstain from voting by law and/or by the relevant authorities. Nevertheless, committees such as the Audit Committee and Remuneration Committee are set up to provide certain control procedures to ensure business decisions and outcomes are made on rational and independent basis and not through undue influences.

4.1.16 Operations affected by material litigation, claim or arbitration

As at the LPD, save as disclosed in Section 17.5 of this Prospectus, neither our Company nor our Subsidiaries, are engaged in any litigation or arbitration proceedings which have or may have material effects on our business or financial position, and our Company's Directors are unaware of any proceeding threatened or of any fact likely to give rise to any proceedings, which may materially affect our financial position or business.

However, there can be no assurance that there will be no proceedings in the future that could adversely affect the operations and profitability of our Group.

4.1.17 Forward-looking statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by our Directors, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting our Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by our Company or our advisers that the plans and objectives of our Group will be achieved.

4. RISK FACTORS

Given the risks and uncertainties that may cause our Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise the investors not to place undue over-reliance on those statements. Our Group are not warranting or representing to investors that our Group's actual future results, performance or achievements will approximate those as discussed in those statements.

4.2 RISKS RELATING TO INVESTING IN OUR ISSUE SHARES**4.2.1 Payment of dividends**

We are principally an investment holding company and we operate our core business through our Subsidiaries. Therefore, the availability of funds to pay dividends or make other distributions to our shareholders depend upon dividends or other distributions received from our Subsidiaries.

If our Subsidiaries incur debts or losses, such indebtedness or losses may impair our Subsidiaries' ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. In addition, restrictive covenants in bank credit facilities or other agreements that we or our Subsidiaries may enter into in the future may also restrict the ability of our Subsidiaries to make contributions to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our shareholders.

Our ability to pay dividends or make other distributions to our shareholders is also subject to the future financial performance and cash flow position of our Group. There is no assurance that we will be able to distribute dividends to our shareholders as a result of the abovementioned factors. Accordingly, our historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by us in the future. There is also no assurance that we will be able to record profits and have sufficient funds above our funding requirements, other obligations and business plans to declare dividend to our shareholders. Please refer to Section 13.4.16 for more information in relation to our Group's dividend policy.

4.2.2 No prior market for our Shares

Prior to the Listing, there has been no public market for our Shares. There can be no assurance that an active market for our Shares will develop upon its Listing on the Main Market of Bursa Securities or, if developed, that such a market will be sustained. The IPO Price of RM0.70 per IPO Share has been determined after taking into consideration a number of factors including, but not limited to, our Group's operating and financial history and conditions, its prospects and the prospects of the industry in which our Group operates, the management strength of our Group and the prevailing market conditions after the IPO which may be influenced by a number of other factors, including the depth and liquidity of the market for our Shares and investors' perception of our Group.

We cannot guarantee that the market price of our Shares will not decline below our IPO Price. We believe that a number of factors could cause the price of our Shares to fluctuate, including (without limitation) sales of substantial amounts of our Shares in the public market in the immediate future, announcements of developments relating to our business, fluctuations in our operating results and sales levels, general industry conditions or the world-wide economy and announcements of new developments or development enhancements by our competitors. Such fluctuations may adversely affect the market price of our Shares.

There can be no assurance that the IPO Price will correspond to the market price at which our Shares will trade on the Main Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop and continue to develop upon or subsequent to our Listing.

4. RISK FACTORS

4.2.3 Failure/Delay in the Listing

The success of our Listing is also exposed to the risk that it may fail or be delayed due to any of the following reasons, amongst others:

- (a) the places under the private placement tranche of the Public Issue and the Offer for Sale fail to acquire the Public Issue Shares and Offer Shares allotted to them; or
- (b) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement I and II discharging themselves from the obligations thereunder; or
- (c) we are unable to meet the public shareholding spread requirements of Bursa Securities, i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares upon completion of the IPO and at the time of our Listing; or
- (d) the approvals of Bursa Securities, SC or any other relevant authorities for our Listing are revoked, withdrawn or cancelled.

Although our Directors will endeavour to ensure our timeliness and compliance of the various Listing Requirements, including inter-alia, the public spread requirement imposed by Bursa Securities for the success of our Listing, we cannot assure that the abovementioned events will not cause a delay in or abortion of our Listing.

4.2.4 Admission to the Official List of Bursa Securities not granted

Delays in the Listing and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares comprised in the IPO Shares, following their allotment and issue to investors, a return of monies to such investors may be effected by way of either a repurchase by the Company of those Shares at the IPO Price, or by way of a reduction of our share capital. Such capital reduction shall not be effected if on the date of reduction is to be effected, there are reasonable grounds for believing that our Company is, or after the reduction would be, unable to pay its liabilities as they become due. If Bursa Securities does not admit our Shares for the Listing, the market for our Shares will be illiquid and it may not be possible to trade our Shares. This may also have a material adverse effect on the value of our Shares.

4.2.5 Volatility in the market price of our Shares

The market price of our Shares may fluctuate as a result of variations in its operating results. If the trading volume of our Shares is low, the price fluctuation may be exacerbated, particularly as no stabilising transactions can or will be undertaken in respect of our Shares in connection with this listing exercise or thereafter. The market prices of our Shares, as in the case of other public listed company shares, are also prone to valuation and recommendations of securities analysts on the fair value of our Shares.

4.2.6 Trading price and volume of Tambun Indah Shares

The trading prices and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow and outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of various sectors of the economy. These factors invariably contribute to the volatility of trading volumes on Bursa Securities, thus adding risk to the market price of the listed Shares. Nevertheless, our profitability is not dependent on the performance of Bursa Securities as our business activities have no direct correlation with the performance of Bursa Securities.

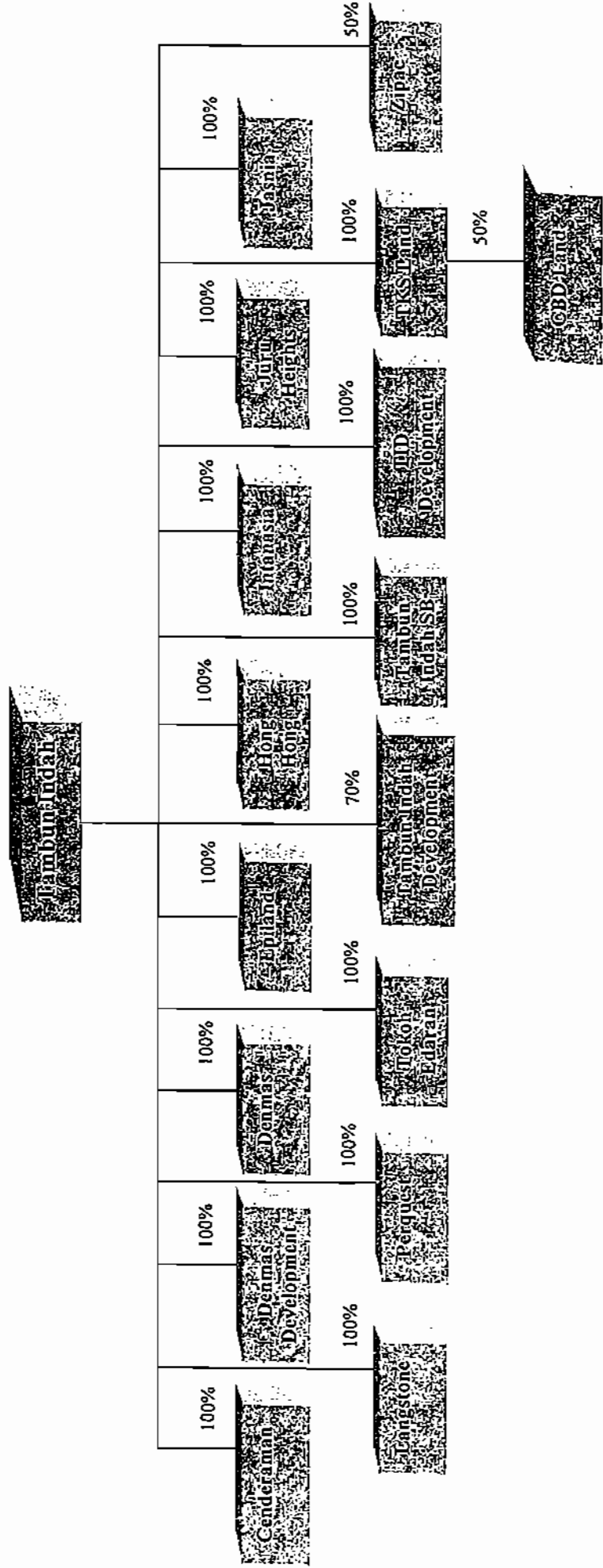
5. INFORMATION ON OUR GROUP

5.1 HISTORY AND BUSINESS OF TAMBUN INDAH

We were incorporated in Malaysia under the Act on 19 March 2008 as a private limited company under the name of Tambun Indah Land Sdn Bhd (Company No. 810446-U). On 10 May 2010, we were converted to a public company and assumed our current name. Our Group's principal place of business is at 12-01, Penthouse, Wisma Pantai, Jalan Wisma Pantai, 12200 Buterworth, Penang. As at the LPD, our authorised share capital stood at RM250,000,000 comprising 500,000,000 Tambun Indah Shares, of which RM94,500,000 comprising 189,000,000 Tambun Indah Shares have been issued and fully paid-up.

We are principally an investment holding company. Pursuant to the Acquisitions, we became the holding company of the Subsidiaries which are involved in property development, investment holding and operation of car park as well as project and construction management. Details of the Subsidiaries are set out in Section 5.4 of this Prospectus.

As at the date of this Prospectus, the structure of our Group is as follows:



5. INFORMATION ON OUR GROUP

5.2 SHARE CAPITAL

Our authorised and issued and fully paid-up share capital as at the LPD are as follows:

	Number of Tambun Indah Shares	Par Value (RM)	Share Capital (RM)
<i>Authorised share capital</i>	500,000,000	0.50	250,000,000
<i>Issued and fully paid-up share capital</i>			
As at the LPD	189,000,000	0.50	94,500,000
New Tambun Indah Shares to be issued pursuant to the Public Issue	32,000,000	0.50	16,000,000
Total	221,000,000	0.50	110,500,000

The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of allotment/ Sub-division	No. of Tambun Indah Shares allotted	Par value (RM)	Consideration	Resultant no. of issued and paid-up share capital	Cumulative issued and paid-up share capital (RM)
19.3.2008	2	1.00	Subscribers' shares	2	2
23.6.2008	-	0.50	Subdivision of Shares	4	2
11.11.2010	188,999,996	0.50	Acquisitions	189,000,000	94,500,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Group.

5.3 LISTING SCHEME

In conjunction with, and as an integral part of the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, we undertook the following exercises:

5.3.1 The Acquisitions

The Acquisitions by Tambun Indah of the equity interest in the Subsidiaries from the vendors of the respective Subsidiaries for a total purchase consideration of approximately RM94.50 million to be satisfied by way of the issuance of 188,999,996 Tambun Indah Shares at par. The Acquisitions were completed on 11 November 2010.

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5. INFORMATION ON OUR GROUP

The purchase consideration for the Acquisitions of approximately RM94.50 million has been arrived at on a "willing-buyer willing-seller basis" between Tambun Indah and the vendors based on the respective audited NTA of the Subsidiaries as at 31 December 2009, adjusted for the dividend paid and additional allotment of shares of the Subsidiaries subsequent to 31 December 2009, capitalisation of advances by shareholders into the shares or RPS of respective Subsidiaries and incorporation of the gain on revaluation arising from the revaluation of the investment properties held by Langstone are as follows:

Subsidiaries	Audited NTA as at 31.12.2009 (RM)	Add: Allotment of shares prior to date of SSA (RM)	Capitalisation of shareholders advances (RM)	Less: Dividend paid		Add: Gain on revaluation (RM)	Adjusted NTA as at 31.12.2009 (RM)	Equity interest to be acquired (%)	Purchase consideration (RM)
				Prior to date of SSA (RM)	After date of SSA (RM)				
Cenderaman	1,191,350	-	2,800,000	-	-	-	3,991,350	100	3,991,350
Denmas	789,024	-	1,000,000	-	-	-	1,789,024	100	1,789,024
Denmas Development	244,056	-	4,750,000	-	-	-	4,994,056	100	4,994,056
Epiland	1,204,292	-	-	(700,000)	-	-	504,292	100	504,292
Hong Hong	10,950,384	-	-	(2,000,000)	(3,000,000)	-	5,950,384	100	5,950,384
Intanasia	2,922,661	-	1,300,000	-	-	-	4,222,661	100	4,222,661
Jasnia	2,979,242	-	5,520,000	-	-	-	8,499,242	100	8,499,242
Juru Heights	25,626,244	-	-	(4,000,000)	(9,900,000)	-	11,726,244	100	11,726,244
Langstone	749,582	-	2,708,380	-	-	4,928,361	8,386,323	100	8,386,323
Perquest	9,395,297	-	1,000,000	-	-	-	10,395,297	100	10,395,297
Tambun Indah Development	956,906	-	* 24,357,853	-	-	-	25,314,759	70	17,720,331
Tambun Indah SB	1,447,283	-	-	-	-	-	1,447,283	100	1,447,283
TID Development	2	249,998	3,750,000	-	-	-	4,000,000	100	4,000,000
TKS Land	-	2	4,800,000	-	-	-	4,800,002	100	4,800,002
Tokoh Edaran	10,595,522	-	-	-	(7,000,000)	-	3,595,522	100	3,595,522
Zipac	555,974	-	* 4,400,000	-	-	-	4,955,974	50	2,477,987
TOTAL	69,607,819	250,000	56,386,233	(6,700,000)	(19,900,000)	4,928,361	104,572,413		94,499,998

Note:

* Capitalisation of shareholders advances via issuance of RPS of the respective companies.

5. INFORMATION ON OUR GROUP

The details of the Acquisitions are set out below:

(i) Acquisition of Cenderaman

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Cenderaman for the acquisition of 4,000,000 ordinary shares of RM1.00 each in Cenderaman representing the entire issued and paid-up share capital of Cenderaman from the Vendors of Cenderaman after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM3.99 million to be satisfied by way of the issuance of 7,982,700 new Tambun Indah Shares at par as follows:

Name of Vendors of Cenderaman	Shareholdings in Cenderaman as at 24.10.2010		Shareholdings after capitalisation of shareholders' advances		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	%		
Siram Permai	600,000	50.0	2,000,000	50.0	1,995,675	3,991,350
Tah-Wah	600,000	50.0	2,000,000	50.0	1,995,675	3,991,350
Total	1,200,000	100.0	4,000,000	100.0	3,991,350	7,982,700

Upon the completion of the acquisition of Cenderaman on 11 November 2010, Cenderaman became our wholly-owned subsidiary.

(ii) Acquisition of Denmas

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Denmas for the acquisition of 1,800,000 ordinary shares of RM1.00 each in Denmas representing the entire issued and paid-up share capital of Denmas from the Vendors of Denmas after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM1.79 million to be satisfied by way of the issuance of 3,578,048 new Tambun Indah Shares at par as follows:

Name of Vendors of Denmas	Shareholdings in Denmas as at 24.10.2010		Shareholdings after capitalisation of shareholders' advances		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	%		
Amal Pintas	200,000	25.0	450,000	25.0	447,256	894,512
Siram Permai	400,000	50.0	900,000	50.0	894,512	1,789,024
NLE	200,000	25.0	450,000	25.0	447,256	894,512
Total	800,000	100.0	1,800,000	100.0	1,789,024	3,578,048

Upon the completion of the acquisition of Denmas on 11 November 2010, Denmas became our wholly-owned subsidiary.

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5. INFORMATION ON OUR GROUP

(iii) Acquisition of Denmas Development

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Denmas Development for the acquisition of 5,000,000 ordinary shares of RM1.00 each in Denmas Development representing the entire issued and paid-up share capital of Denmas Development from the Vendors of Denmas Development after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM4.99 million to be satisfied by way of the issuance of 9,988,112 new Tambun Indah Shares at par as follows:

Name of Vendors of Denmas Development	Shareholdings in Denmas Development as at 24.10.2010		Shareholdings after capitalisation of shareholders' advances		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	%		
Amal Pintas	50,000	20.0	1,000,000	20.0	998,811	1,997,622
Siram Permai	125,000	50.0	2,500,000	50.0	2,497,028	4,994,056
Sound Vantage	12,500	5.0	250,000	5.0	249,703	499,406
Tah-Wah	50,000	20.0	1,000,000	20.0	998,811	1,997,622
Teh Eng Bew	12,500	5.0	250,000	5.0	249,703	499,406
Total	250,000	100.0	5,000,000	100.0	4,994,056	9,988,112

Upon the completion of the acquisition of Denmas Development on 11 November 2010, Denmas Development became our wholly-owned subsidiary.

(iv) Acquisition of Epiland

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Epiland for the acquisition of 250,100 ordinary shares of RM1.00 each in Epiland representing the entire issued and paid-up share capital of Epiland from the Vendors of Epiland, for a purchase consideration of approximately RM0.50 million to be satisfied by way of the issuance of 1,008,584 new Tambun Indah Shares at par as follows:

Name of Vendors of Epiland	Shareholdings in Epiland as at 24.10.2010		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%		
Amal Pintas	112,545	45.0	226,931	453,863
Siram Permai	112,545	45.0	226,931	453,863
Sound Vantage	12,505	5.0	25,215	50,429
Teh Eng Bew	12,505	5.0	25,215	50,429
Total	250,100	100.0	504,292	1,008,584

Upon the completion of the acquisition of Epiland on 11 November 2010, Epiland became our wholly-owned subsidiary.

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5. INFORMATION ON OUR GROUP

(v) Acquisition of Hong Hong

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Hong Hong for the acquisition of 1,000,000 ordinary shares of RM1.00 each in Hong Hong representing the entire issued and paid-up share capital of Hong Hong from the Vendors of Hong Hong, for a purchase consideration of approximately RM5.95 million to be satisfied by way of the issuance of 11,900,768 new Tambun Indah Shares at par as follows:

Name of Vendors of Hong Hong	Shareholdings in Hong Hong as at 24.10.2010		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%		
Siram Permai	475,000	47.5	2,826,433	5,652,865
Tah-Wah	425,000	42.5	2,528,913	5,057,826
Viewpoint Style Sdn Bhd	100,000	10.0	595,038	1,190,077
Total	1,000,000	100.0	5,950,384	11,900,768

Upon the completion of the acquisition of Hong Hong on 11 November 2010, Hong Hong became our wholly-owned subsidiary.

(vi) Acquisition of Intanasia

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Intanasia for the acquisition of 1,550,000 ordinary shares of RM1.00 each in Intanasia representing the entire issued and paid-up share capital of Intanasia from the Vendors of Intanasia after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM4.22 million to be satisfied by way of the issuance of 8,445,322 new Tambun Indah Shares at par as follows:

Name of Vendors of Intanasia	Shareholdings in Intanasia as at 24.10.2010		Shareholdings after capitalisation of shareholders' advances		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	%		
Siram Permai	125,000	50.0	775,000	50.0	2,111,331	4,222,661
Tah-Wah	112,500	45.0	697,500	45.0	1,900,197	3,800,395
Sound Vantage	12,500	5.0	77,500	5.0	211,133	422,266
Total	250,000	100.0	1,550,000	100.0	4,222,661	8,445,322

Upon the completion of the acquisition of Intanasia on 11 November 2010, Intanasia became our wholly-owned subsidiary.

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5. INFORMATION ON OUR GROUP

(vii) Acquisition of Jasnia

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Jasnia for the acquisition of 5,770,000 ordinary shares of RM1.00 each in Jasnia representing the entire issued and paid-up share capital of Jasnia from the Vendors of Jasnia after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM8.50 million to be satisfied by way of the issuance of 16,998,484 new Tambun Indah Shares at par as follows:

Name of Vendors of Jasnia	Shareholdings in Jasnia as at 24.10.2010		Shareholdings after capitalisation of shareholders' advances		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	%		
Siram Permai	125,000	50.0	2,885,000	50.0	4,249,621	8,499,242
Tah-Wah	125,000	50.0	2,885,000	50.0	4,249,621	8,499,242
Total	250,000	100.0	5,770,000	100.0	8,499,242	16,998,484

Upon the completion of the acquisition of Jasnia on 11 November 2010, Jasnia became our wholly-owned subsidiary.

(viii) Acquisition of Juru Heights

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Juru Heights for the acquisition of 1,000,000 ordinary shares of RM1.00 each in Juru Heights representing the entire issued and paid-up share capital of Juru Heights from the Vendors of Juru Heights, for a purchase consideration of approximately RM11.73 million to be satisfied by way of the issuance of 23,452,488 new Tambun Indah Shares at par as follows:

Name of Vendors of Juru Heights	Shareholdings in Juru Heights as at 24.10.2010		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%		
Amal Pintas	400,000	40.0	4,690,498	9,380,995
Siram Permai	450,000	45.0	5,276,810	10,553,620
Sound Vantage	50,000	5.0	586,312	1,172,624
Lai Fook Hoy	50,000	5.0	586,312	1,172,624
Teh Eng Bew	50,000	5.0	586,312	1,172,625
Total	1,000,000	100.0	11,726,244	23,452,488

Upon the completion of the acquisition of Juru Heights on 11 November 2010, Juru Heights became our wholly-owned subsidiary.

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5. INFORMATION ON OUR GROUP

(ix) Acquisition of Langstone

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Langstone for the acquisition of 2,783,380 ordinary shares of RM1.00 each in Langstone representing the entire issued and paid-up share capital of Langstone from the Vendors of Langstone after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM8.39 million to be satisfied by way of the issuance of 16,772,646 new Tambun Indah Shares at par as follows:

Name of Vendors of Langstone	Shareholdings in Langstone as at 24.10.2010		Shareholdings after capitalisation of shareholders' advances		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	%		
Poh Chean Hung Ng Lai Lai	40,000	53.3	1,484,469	53.3	4,472,706	8,945,412
	35,000	46.7	1,298,911	46.7	3,913,617	7,827,234
Total	75,000	100.0	2,783,380	100.0	8,386,323	16,772,646

Upon the completion of the acquisition of Langstone on 11 November 2010, Langstone became our wholly-owned subsidiary.

(x) Acquisition of Perquest

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Perquest for the acquisition of 1,250,000 ordinary shares of RM1.00 each in Perquest representing the entire issued and paid-up share capital of Perquest from the Vendors of Perquest after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM10.40 million to be satisfied by way of the issuance of 20,790,594 new Tambun Indah Shares at par as follows:

Name of Vendors of Perquest	Shareholdings in Perquest as at 24.10.2010		Shareholdings after capitalisation of shareholders' advances		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	%		
Alpha Master (M) Sdn Bhd	12,500	5.0	62,500	5.0	519,765	1,039,530
Amal Pintas	106,250	42.5	531,250	42.5	4,418,001	8,836,002
Mahcesy Sdn Bhd	6,250	2.5	31,250	2.5	259,882	519,765
Siram Permai	100,000	40.0	500,000	40.0	4,158,119	8,316,237
Sound Vantage	12,500	5.0	62,500	5.0	519,765	1,039,530
Teh Eng Bew	12,500	5.0	62,500	5.0	519,765	1,039,530
Total	250,000	100.0	1,250,000	100.0	10,395,297	20,790,594

Upon the completion of the acquisition of Perquest on 11 November 2010, Perquest became our wholly-owned subsidiary.

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5. INFORMATION ON OUR GROUP

(xi) Acquisition of Tambun Indah Development

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Tambun Indah Development for the acquisition of 700,000 ordinary shares, 350,000 RPS (Series A) and 17,050,497 RPS (Series B) of RM1.00 each in Tambun Indah Development representing 70% of the issued and paid-up share capital of Tambun Indah Development from the Vendors of Tambun Indah Development after the capitalisation of shareholders' advances, for a purchase consideration of approximately RM17.72 million to be satisfied by way of the issuance of 35,440,662 new Tambun Indah Shares at par as follows:

Name of Vendors of Tambun Indah Development	Shareholdings in Tambun Indah Development after capitalisation of shareholders' advances as at 24.10.2010				Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	No. of RPS (Series A)	No. of RPS (Series B)	%		
Amal Pintas	150,000	75,000	3,653,678	15.0	3,797,214	7,594,428
Siram Permai	450,000	225,000	10,961,034	45.0	11,391,642	22,783,283
Tah Wah	100,000	50,000	2,435,785	10.0	2,531,475	5,062,951
Total	700,000	350,000	17,050,497	70.0	17,720,331	35,440,662

Upon the completion of the acquisition of Tambun Indah Development on 11 November 2010, Tambun Indah Development became our 70% owned subsidiary. The remaining 30% equity interest in Tambun Indah Development is held by Pembangunan Mutiara.

(xii) Acquisition of Tambun Indah SB

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Tambun Indah SB for the acquisition of 1,000,000 ordinary shares of RM1.00 each in Tambun Indah SB representing the entire issued and paid-up share capital of Tambun Indah SB from the Vendors of Tambun Indah SB, for a purchase consideration of approximately RM1.45 million to be satisfied by way of the issuance of 2,894,566 new Tambun Indah Shares at par as follows:

Name of Vendors of Tambun Indah SB	Shareholdings in Tambun Indah SB as at 24.10.2010		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%		
Alpha Master (M) Sdn Bhd	50,000	5.0	72,364	144,728
Amal Pintas	425,000	42.5	615,096	1,230,191
Mahcesy Sdn Bhd	25,000	2.5	36,182	72,365
Siram Permai	400,000	40.0	578,913	1,157,826
Sound Vantage	50,000	5.0	72,364	144,728
Teh Eng Bew	50,000	5.0	72,364	144,728
Total	1,000,000	100.0	1,447,283	2,894,566

Upon the completion of the acquisition of Tambun Indah SB on 11 November 2010, Tambun Indah SB became our wholly-owned subsidiary.

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5. INFORMATION ON OUR GROUP

(xiii) Acquisition of TID Development

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of TID Development for the acquisition of 4,000,000 ordinary shares of RM1.00 each in TID Development representing the entire issued and paid-up share capital of TID Development from the Vendors of TID Development after the capitalisation of shareholders' advances, for a purchase consideration of RM4.00 million to be satisfied by way of the issuance of 8,000,000 new Tambun Indah Shares at par as follows:

Name of Vendors of TID Development	Shareholdings in TID Development as at 24.10.2010		Shareholdings after capitalisation of shareholders' advances		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	%		
Amal Pintas	50,000	20.0	800,000	20.0	800,000	1,600,000
Siram Permai	125,000	50.0	2,000,000	50.0	2,000,000	4,000,000
Sound Vantage	12,500	5.0	200,000	5.0	200,000	400,000
Tah Wah	50,000	20.0	800,000	20.0	800,000	1,600,000
Teh Eng Bew	12,500	5.0	200,000	5.0	200,000	400,000
Total	250,000	100.0	4,000,000	100.0	4,000,000	8,000,000

Upon the completion of the acquisition of TID Development on 11 November 2010, TID Development became our wholly-owned subsidiary.

(xiv) Acquisition of TKS Land

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendor of TKS Land for the acquisition of 4,800,002 ordinary shares of RM1.00 each in TKS Land representing the entire issued and paid-up share capital of TKS Land from the Vendor of TKS Land after the capitalisation of shareholder's advances, for a purchase consideration of approximately RM4.80 million to be satisfied by way of the issuance of 9,600,004 new Tambun Indah Shares at par as follows:

Name of Vendor of TKS Land	Shareholdings in TKS Land as at 24.10.2010		Shareholdings after capitalisation of shareholder's advances		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	%		
Siram Permai	2	100.0	4,800,002	100.0	4,800,002	9,600,004

Upon the completion of the acquisition of TKS Land on 11 November 2010, TKS Land became our wholly-owned subsidiary.

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5. INFORMATION ON OUR GROUP

(xv) Acquisition of Tokoh Edaran

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendors of Tokoh Edaran for the acquisition of 1,000,000 ordinary shares of RM1.00 each in Tokoh Edaran representing the entire issued and paid-up share capital of Tokoh Edaran from the Vendors of Tokoh Edaran, for a purchase consideration of approximately RM3.60 million to be satisfied by way of the issuance of 7,191,044 new Tambun Indah Shares at par as follows:

Name of Vendors of Tokoh Edaran	Shareholdings in Tokoh Edaran as at 24.10.2010		Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%		
Amal Pintas	280,000	28.0	1,006,746	2,013,492
Honour Symbol Sdn Bhd	120,000	12.0	431,463	862,926
Siram Permai	450,000	45.0	1,617,985	3,235,970
Sound Vantage	50,000	5.0	179,776	359,552
Lai Fook Hoy	50,000	5.0	179,776	359,552
Teh Eng Bew	50,000	5.0	179,776	359,552
Total	1,000,000	100.0	3,595,522	7,191,044

Upon the completion of the acquisition of Tokoh Edaran on 11 November 2010, Tokoh Edaran became our wholly-owned subsidiary.

(xvi) Acquisition of Zipac

Tambun Indah had on 15 May 2010 entered into the SSA with the Vendor of Zipac for the acquisition of 250,000 ordinary shares and 2,200,000 RPS of RM1.00 each in Zipac representing 50% of the issued and paid-up share capital of Zipac from the Vendor of Zipac after the capitalisation of shareholder's advances, for a purchase consideration of approximately RM2.48 million to be satisfied by way of the issuance of 4,955,974 new Tambun Indah Shares at par as follows:

Name of Vendor of Zipac	Shareholdings in Zipac as at 24.10.2010		Shareholdings after capitalisation of shareholder's advances			Purchase consideration (RM)	No. of new Tambun Indah Shares issued
	No. of shares	%	No. of shares	No. of RPS	%		
Ir. Teh Kiak Seng	250,000	50.0	250,000	2,200,000	50.0	2,477,987	4,955,974

Upon the completion of the acquisition of Zipac on 11 November 2010, Zipac became our 50% owned subsidiary. The remaining 50% equity interest in Zipac is held by Teoh Chin Joo and Teoh Chin Leong.

5.3.2 Public Issue

In conjunction with our Listing, we will undertake a Public Issue of 32,000,000 new Shares at the IPO Price comprising the following:

- 11,050,000 new Shares available for application by the Malaysian public;
- 11,050,000 new Share available for application by the Eligible Parties under the pink form allocation; and
- 9,900,000 new Shares by way of private placement to identified investors.

5. INFORMATION ON OUR GROUP

5.3.3 Offer for Sale

The Offerors shall Offer for Sale an aggregate of 22,100,000 exiting Tambun Indah Shares at the IPO Price by way of private placement to Bumiputera investors approved by the MITI as detailed below:

	No. of Shares
Amal Pintas	11,050,000
Tah-Wah	10,155,488
NLE	894,512
Total	22,100,000

5.3.4 Listing

Upon completion of the IPO, we shall seek the approval of Bursa Securities for the listing of and quotation for our entire enlarged issued and paid-up share capital of RM110,500,000 comprising 221,000,000 Tambun Indah Shares on the Main Market of Bursa Securities.

5.4 SUBSIDIARIES

The principal activities of the Subsidiaries of our Group are as follows:

Name of Subsidiaries	Companies' registration number	Effective equity interest (%)	Principal activities
Cenderaman	800494 – X	100	Property development
Denmas	520034 – A	100	Project and construction management
Denmas Development	871467 – X	100	Property development
Epiland	590004 – A	100	Property development
Hong Hong	394700 – M	100	Property development
IntanAsia	603286 – M	100	Property development
Jasnja	677895 – K	100	Property development
Juru Heights	688440 – H	100	Property development
Langstone	355044 – X	100	Investment holding and operation of car park
Perquest	342062 – P	100	Property development
Tambun Indah Development	818100 – D	70	Property development
Tambun Indah SB	283502 – M	100	Property development
TID Development	883518 – H	100	Property development
TKS Land	891499 – P	100	Investment holding
Tokoh Edaran	720514 – H	100	Construction management
Zipac	660531 – W	50	Property development

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5. INFORMATION ON OUR GROUP

5.4.1 Cenderaman

(i) History and business

Cenderaman was incorporated on 24 December 2007 in Malaysia under the Act, as a private limited company. The company commenced its business in January 2010. The principal activity of Cenderaman is that of property development.

As at the LPD, Cenderaman has 1 employee under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each in Cenderaman, of which RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each in Cenderaman have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Cenderaman since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid up share capital (RM)
24.12.2007	2	1.00	Subscribers' shares	2
19.06.2008	1,199,998	1.00	Cash	1,200,000
25.10.2010	2,800,000	1.00	Otherwise than cash	4,000,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Cenderaman.

(iii) Subsidiary and associated companies

As at the LPD, Cenderaman does not have any subsidiary and associated companies.

5.4.2 Denmas

(i) History and business

Denmas was incorporated on 12 July 2000 in Malaysia under the Act, as a private limited company. The company commenced its business in December 2000. Denmas was initially engaged in property development and was the developer for Scotland Villas. However, Denmas had on 2 June 2010, changed its principal activities into project and construction management. Denmas is one of the main contractors of our Group, assisting the developers of our Group to coordinate and manage projects and constructions undertaken by our Group. Denmas holds a certificate of registration as a contractor issued by the Construction Industry Development Board of Malaysia, details of which are as shown in Section 6.15 of the Prospectus. Denmas will be managing all new projects to be undertaken by our Group in the future.

As at the LPD, Denmas has 23 employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each in Denmas, of which RM1,800,000 comprising 1,800,000 ordinary shares of RM1.00 each in Denmas have been fully issued and paid-up.

5. INFORMATION ON OUR GROUP

The changes in the issued and paid-up share capital of Denmas since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid up share capital (RM)
12.07.2000	2	1.00	Subscribers' shares	2
22.11.2000	499,998	1.00	Cash	500,000
23.03.2001	300,000	1.00	Cash	800,000
25.10.2010	1,000,000	1.00	Otherwise than cash	1,800,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Denmas.

(iii) Subsidiary and associated companies

As at the LPD, Denmas does not have any subsidiary and associated companies.

5.4.3 Denmas Development

(i) History and business

Denmas Development was incorporated on 9 September 2009 in Malaysia under the Act, as a private limited company. As at the LPD, the company has not commenced its business. The principal activity of Denmas Development is that of property development.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each in Denmas Development, of which RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each in Denmas Development have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Denmas Development since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid up share capital (RM)
09.09.2009	2	1.00	Subscribers' shares	2
27.10.2009	249,998	1.00	Cash	250,000
25.10.2010	4,750,000	1.00	Otherwise than cash	5,000,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Denmas Development.

(iii) Subsidiary and associated companies

As at the LPD, Denmas Development does not have any subsidiary and associated companies.

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5. INFORMATION ON OUR GROUP

5.4.4 Epiland

(i) History and business

Epiland was incorporated on 20 August 2002 in Malaysia under the Act, as a private limited company. The company commenced its business in January 2003. The present principal activity of Epiland is that of property development.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each in Epiland, of which RM250,100 comprising 250,100 ordinary shares of RM1.00 each in Epiland have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Epiland since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid up share capital (RM)
20.08.2002	2	1.00	Subscribers' shares	2
11.10.2002	98	1.00	Cash	100
20.05.2004	250,000	1.00	Cash	250,100

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Epiland.

(iii) Subsidiary and associated companies

As at the LPD, Epiland does not have any subsidiary and associated companies.

5.4.5 Hong Hong

(i) History and business

Hong Hong was incorporated on 18 July 1996 in Malaysia under the Act, as a private limited company. The company commenced its business in July 2005. The present principal activity of Hong Hong is that of property development.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in Hong Hong, of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in Hong Hong have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Hong Hong since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
18.07.1996	2	1.00	Subscribers' shares	2
22.11.2000	299,998	1.00	Cash	300,000
26.05.2008	700,000	1.00	Cash	1,000,000

5. INFORMATION ON OUR GROUP

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Hong Hong.

(iii) Subsidiary and associated companies

As at the LPD, Hong Hong does not have any subsidiary and associated companies.

5.4.6 Intanasia

(i) History and business

Intanasia was incorporated on 13 January 2003 in Malaysia under the Act, as a private limited company. The company commenced its business in July 2004. The present principal activity of Intanasia is that of property development.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each in Intanasia, of which RM1,550,000 comprising 1,550,000 ordinary shares of RM1.00 each in Intanasia have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Intanasia since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
13.01.2003	2	1.00	Subscribers' shares	2
18.03.2003	9,998	1.00	Cash	10,000
29.07.2004	240,000	1.00	Cash	250,000
25.10.2010	1,300,000	1.00	Otherwise than cash	1,550,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Intanasia.

(iii) Subsidiary and associated companies

As at the LPD, Intanasia does not have any subsidiary and associated companies.

5.4.7 Jasnias

(i) History and business

Jasnias was incorporated on 7 January 2005 in Malaysia under the Act, as a private limited company. The company commenced its business in May 2006. The present principal activity of Jasnias is that of property development.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each in Jasnias, of which RM5,770,000 comprising 5,770,000 ordinary shares of RM1.00 each in Jasnias have been fully issued and paid-up.

5. INFORMATION ON OUR GROUP

The changes in the issued and paid-up share capital of Jasnía since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
07.01.2005	2	1.00	Subscribers' shares	2
15.02.2007	249,998	1.00	Cash	250,000
25.10.2010	5,520,000	1.00	Otherwise than cash	5,770,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Jasnía.

(iii) Subsidiary and associated companies

As at the LPD, Jasnía does not have any subsidiary and associated companies.

5.4.8 Juru Heights

(i) History and business

Juru Heights was incorporated on 14 April 2005 in Malaysia under the Act, as a private limited company. The company commenced its business in April 2005. The present principal activity of Juru Heights is that of property development.

As at the LPD, Juru Heights has 15 employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in Juru Heights, of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in Juru Heights have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Juru Heights since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
14.04.2005	2	1.00	Subscribers' shares	2
01.11.2005	249,998	1.00	Cash	250,000
20.03.2006	750,000	1.00	Cash	1,000,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Juru Heights.

(iii) Subsidiary and associated companies

As at the LPD, Juru Heights does not have any subsidiary and associated companies.

5.4.9 Langstone

(i) History and business

Langstone was incorporated on 12 August 1995 in Malaysia under the Act, as a private limited company. The company commenced its business in September 1997. The present principal activity of Langstone is that of investment holding and operation of car park.

5. INFORMATION ON OUR GROUP

Our head office which is located at 12-01, Penthouse Wisma Pantai, Jalan Wisma Pantai, 12200 Butterworth, Penang is owned by Langstone which in turn allows our Group to own our head office with estimated in savings in rental cost of approximately RM15,000 per month. In addition, Langstone is currently renting the remaining of its investment properties to third parties with a total monthly rental of approximately RM45,000 which provides an additional income stream and improves the financial performance of our Group. Property investment is complementary to our Group's core business of property development.

As at the LPD, Langstone has 4 employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each in Langstone, of which RM2,783,380 comprising 2,783,380 ordinary shares of RM1.00 each in Langstone have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Langstone since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
12.08.1995	2	1.00	Subscribers' shares	2
29.09.1995	54,998	1.00	Cash	55,000
23.10.1996	20,000	1.00	Cash	75,000
25.10.2010	2,708,380	1.00	Otherwise than cash	2,783,380

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Langstone.

(iii) Subsidiary and associated companies

As at the LPD, Langstone does not have any subsidiary and associated companies.

5.4.10 Perquest

(i) History and business

Perquest was incorporated on 28 April 1995 in Malaysia under the Act, as a private limited company. The company commenced its business in July 1999. The present principal activity of Perquest is that of property development.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each in Perquest, of which RM1,250,000 comprising 1,250,000 ordinary shares of RM1.00 each in Perquest have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Perquest since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
28.04.1995	2	1.00	Subscribers' shares	2
05.10.2001	249,998	1.00	Cash	250,000
25.10.2010	1,000,000	1.00	Otherwise than cash	1,250,000

5. INFORMATION ON OUR GROUP

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Perquest.

(iii) Subsidiary and associated companies

As at the LPD, Perquest does not have any subsidiary and associated companies.

5.4.11 Tambun Indah Development

(i) History and business

Tambun Indah Development was incorporated on 16 May 2008 in Malaysia under the Act, as a private limited company. The company commenced its business in June 2008. The principal activity of Tambun Indah Development is that of property development.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM50,000,000 comprising 4,500,000 ordinary shares, 500,000 RPS (Series A) and 45,000,000 RPS (Series B) of RM1.00 each in Tambun Indah Development, of which RM1,000,000 comprising 1,000,000 ordinary shares, RM500,000 comprising 500,000 RPS (Series A) and RM24,357,853 comprising 24,357,853 RPS (Series B) of RM1.00 each in Tambun Indah Development have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Tambun Indah Development since its incorporation are as follows:

Date of allotment	No. of shares/RPS allotted	Par value (RM)	Consideration	Total issued and paid-up share capital		
				Ordinary shares (RM)	RPS (Series A) (RM)	RPS (Series B) (RM)
16.05.2008	2	1.00	Subscribers' shares	2	-	-
03.06.2008	999,998	1.00	Cash	1,000,000	-	-
26.11.2009	500,000	1.00	Cash	1,000,000	500,000	-
30.04.2010	24,357,853	1.00	Otherwise than cash	1,000,000	500,000	24,357,853

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Tambun Indah Development.

(iii) Subsidiary and associated companies

As at the LPD, Tambun Indah Development does not have any subsidiary and associated companies.

5.4.12 Tambun Indah SB

(i) History and business

Tambun Indah SB was incorporated on 6 December 1993 in Malaysia under the Act, as a private limited company. The company commenced its business in July 1994. The present principal activity of Tambun Indah SB is that of property development.

As at the LPD, there are no employees under its payroll.

5. INFORMATION ON OUR GROUP

(ii) Share capital

As at the LPD, its authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in Tambun Indah SB, of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in Tambun Indah SB have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Tambun Indah SB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
06.12.1993	2	1.00	Subscribers' shares	2
11.01.1994	98	1.00	Cash	100
27.02.1995	999,900	1.00	Cash	1,000,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Tambun Indah SB.

(iii) Subsidiary and associated companies

As at the LPD, Tambun Indah SB does not have any subsidiary and associated companies.

5.4.13 TID Development

(i) History and business

TID Development was incorporated on 23 December 2009 in Malaysia under the Act, as a private limited company. As at the LPD, the company has not commenced its business. The principal activity of TID Development is that of property development.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each in TID Development, of which RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each in TID Development have been fully issued and paid-up.

The changes in the issued and paid-up share capital of TID Development since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid up share capital (RM)
23.12.2009	2	1.00	Subscribers' shares	2
22.02.2010	249,998	1.00	Cash	250,000
25.10.2010	3,750,000	1.00	Otherwise than cash	4,000,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in TID Development.

(iii) Subsidiary and associated companies

As at the LPD, TID Development does not have any subsidiary and associated companies.

5. INFORMATION ON OUR GROUP

5.4.14 TKS Land

(i) History and business

TKS Land was incorporated on 3 March 2010 in Malaysia under the Act, as a private limited company. The company commenced its business in May 2010. The principal activity of TKS Land is that of investment holding.

CBD Land, a 50% owned subsidiary of TKS Land, is principally engaged in property development, the details of which are set out in Section 5.4.14(iii) below. A new project, namely Impian Residence, will be developed by CBD Land which is expected to contribute approximately RM40.82 million of GDV to our Group.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each in TKS Land, of which RM4,800,002 comprising 4,800,002 ordinary shares of RM1.00 each in TKS Land have been fully issued and paid-up.

The changes in the issued and paid-up share capital of TKS Land since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
03.03.2010	2	1.00	Subscribers' shares	2
25.10.2010	4,800,000	1.00	Otherwise than cash	4,800,002

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in TKS Land.

(iii) Subsidiary and associated companies

As at the LPD, TKS Land has only one subsidiary, namely CBD Land and does not have any associated companies.

CBD Land is principally engaged in property development. It was incorporated on 15 May 2007 under the Act.

TKS Land had on 10 May 2010, entered into a sales and purchase agreement with the vendors of CBD Land, namely Ooi Boon Ewe, Ooi Boon Hwa and Ooi Bee Eng, for the acquisition of 200,000 ordinary shares of RM1.00 each in CBD Land representing 50% of the issued and paid-up share capital of CBD Land for a purchase consideration of approximately RM3,517,209 satisfied by way of cash.

The purchase consideration of approximately RM3,517,209 was funded from Siram Permai's internally generated funds. TKS Land is a wholly-owned subsidiary of Siram Permai.

The purchase consideration of approximately RM3,517,209 was agreed upon between TKS Land and the vendors of CBD Land, namely Ooi Boon Ewe, Ooi Boon Hwa and Ooi Bee Eng, on a "willing buyer-willing seller" basis at RM16 per square feet for the 50% interest on the 10.093 acres or approximately 439,651 square feet of vacant development land.

5. INFORMATION ON OUR GROUP

5.4.15 Tokoh Edaran

(i) History and business

Tokoh Edaran was incorporated on 11 January 2006 in Malaysia under the Act, as a private limited company. The company commenced its business in September 2006. Tokoh Edaran is principally engaged in construction management. Tokoh Edaran is one of the main contractors of our Group, assisting the developers of our Group to coordinate and manage the construction undertaken by our Group. Tokoh Edaran holds a certificate of registration as a contractor issued by the Construction Industry Development Board of Malaysia, details of which are as shown in Section 6.15 of the Prospectus. Tokoh Edaran is the contractor for Juru Heights Bungalow.

As at the LPD, Tokoh Edaran has no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in Tokoh Edaran, of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in Tokoh Edaran have been fully issued and paid-up.

The changes in the issued and paid-up share capital of Tokoh Edaran since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
11.01.2006	2	1.00	Subscribers' shares	2
17.05.2006	199,998	1.00	Cash	200,000
26.05.2008	800,000	1.00	Cash	1,000,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Tokoh Edaran.

(iii) Subsidiary and associated companies

As at the LPD, Tokoh Edaran does not have any subsidiary and associated companies.

5.4.16 Zipac

(i) History and business

Zipac was incorporated on 23 July 2004 in Malaysia under the Act, as a private limited company. The company commenced its business in May 2009. The principal activity of Zipac is that of property development.

As at the LPD, there are no employees under its payroll.

(ii) Share capital

As at the LPD, its authorised share capital is RM5,000,000 comprising 500,000 ordinary shares and 4,500,000 RPS of RM1.00 each in Zipac, of which RM500,000 comprising 500,000 ordinary shares and RM4,400,000 comprising 4,400,000 RPS of RM1.00 each in Zipac have been fully issued and paid-up.

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5. INFORMATION ON OUR GROUP

The changes in the issued and paid-up share capital of Zipac since its incorporation are as follows:

Date of allotment	No. of shares/RPS allotted	Par value (RM)	Consideration	Total issued and paid-up share capital	
				Ordinary shares (RM)	RPS (RM)
23.07.2004	2	1.00	Subscribers' shares	2	-
01.06.2009	249,998	1.00	Cash	250,000	-
21.12.2009	250,000	1.00	Cash	500,000	-
25.10.2010	4,400,000	1.00	Otherwise than cash	500,000	4,400,000

Save as disclosed above and as at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Zipac.

(iii) Subsidiary and associated companies

As at the LPD, Zipac does not have any subsidiary and associated companies.

5.5 MATERIAL CAPITAL EXPENDITURES AND DIVESTITURES

Save as disclosed below, there are no other material capital expenditures and divestitures (including interests in other corporations) made by us for the past 3 FYE 31 December 2007 to 2009 and as at the LPD:

	FYE 31 December 2007 (RM'000)	FYE 31 December 2008 (RM'000)	FYE 31 December 2009 (RM'000)	As at the LPD (RM'000)
Expenditures				
Purchase of investment properties	-	-	⁽¹⁾ 325.3	-
Purchase of motor vehicle	-	-	-	400.9
Total expenditures	-	-	325.3	400.9
Divestments				
Investment properties	-	-	⁽²⁾ (78.0)	-
Disposal of an associate company	-	⁽³⁾ (63)	-	-
Total divestments	-	(63)	(78.0)	-

Notes:

- (1) Cost of renovation for extension of building.
- (2) Disposal of No. 1-05, Pantai Apartments, Jalan Wisma Pantai Satu, Kompung Gajah, 12200 Butterworth, Penang.
- (3) Disposal of an associate company, namely Karya Cemerlang Sdn Bhd, as it is in the process of winding-up.

The above material capital expenditures were primarily financed by our internally generated funds.

Save for our planned capital expenditures relating to our expansion plans as set out in Section 6.22 of this Prospectus, we do not have any material capital expenditures and divestitures currently in progress within or outside Malaysia.

6. BUSINESS OVERVIEW

6.1 HISTORY AND BACKGROUND

The principal business activity of our Group is property development.

Our Group was founded by our Managing Director, Ir. Teh Kiak Seng. With approximately 30 years of experience in the property development industry, he has been instrumental in the success, growth and development of Tambun Indah Group since we commenced operations.

The history of our Group can be traced back to 1994 with the incorporation of Tambun Indah SB. In 1995, our Group commenced the development of Taman Tambun Indah, Penang, on a 101.80 acre plot of land in Simpang Ampat. Our maiden project, Taman Tambun Indah comprised a gated and guarded residential area incorporating 287 units of bungalow lots and 44 units of double storey semi-detached houses with security features, coupled with good road networks, infrastructure and amenities such as educational facilities, Government offices and recreational grounds.

At the same time in 1995, we also commenced the development of 86 units of double storey and three storey shop offices and 158 units of low-cost flats in Taman Tambun Indah. Between 2002 and 2008, we further developed 18 bungalow lots, 156 units of double storey terrace houses and 15 units of three storey shop offices in Taman Tambun Indah. Upon completion in 2008, Taman Tambun Indah comprised a total of 764 units of bungalow lots, double storey semi-detached houses, double storey terrace houses, low-cost flats and shop offices. All units built were sold.

In 2002, through Denmas, we ventured into Penang Island to develop Scotland Villas, which comprised a high-end condominium block of 80 units and 17 units of three storey terrace houses, located along Scotland Road. The project was completed in 2004 and all units built were sold.

During the same year, through Perquest, we started the development of Phase I of Taman Seri Tambun, located in Simpang Ampat, Penang, a residential area consisting 128 units of double storey terrace houses. All units built were sold.

In 2005, through Epiland, we undertook the development of Phase I of Taman Tambun Emas and Phase II of Taman Seri Tambun, which were residential areas located in Simpang Ampat, Penang. Phase I of Taman Tambun Emas comprised 108 units of double storey terrace houses, 6 units of double storey semi-detached houses and 2 units of double storey bungalows. All units built were sold. Phase II of Taman Seri Tambun comprised 52 units of three storey terrace houses. All units built in Phase II of Taman Seri Tambun were sold.

In 2006, through IntanAsia, we undertook the development of Casa Impian I, a residential project located in Butterworth, Penang. The project comprised 10 units of double storey semi-detached houses, 75 units of double storey terrace houses and 38 units of three storey terrace houses. The project was completed in 2008 and all units were sold.

In 2006, through Juru Heights, we undertook the development of Phase I of Juru Heights located in Juru, Penang. The initial phase of the project was completed in 2009 with 129 units of bungalows, 252 units of double storey terrace houses, 101 units of three storey terrace houses, 215 units of low-cost flats and 27 units of double storey shop offices. As at the LPD, only 2 units of the Phase I development were left unsold. Phase II of the development comprising 128 units of bungalows started in 2008 and is expected to be completed by early 2011.

In 2007, through Perquest, we continued with the development of Phase II of Taman Tambun Emas and completed 40 units of three storey terrace houses and 4 units of double storey semi-detached houses in 2008. All units built were sold.

In 2007, as part of our Group's vision to venture into the development of strata-titled landed homes, through Hong Hong, we undertook the development of Palm Villas, a residential project of strata-titled landed homes in Butterworth, Penang. The development was completed in 2009 with 148 units of three storey terrace houses, recreational areas and other common amenities built within a gated and guarded residential community. All units launched were successfully sold.

6. BUSINESS OVERVIEW

In 2008, through Jasniah, we commenced the development of Casa Impian II, located in Butterworth, Penang and completed 54 units of double and three storey terrace houses in 2009. During the same year, through Perquest, we started the development of Casa Permai, a residential project located in Simpang Ampat, Penang, which comprised 36 units of double storey terrace houses, 18 units of three storey terrace houses, 26 units of double storey semi-detached houses and 6 units of bungalows. The project was completed in May 2010 with 5 units left unsold as at the LPD.

In 2009, through Hong Hong, we started the development of Seri Palma, a project which comprised 3 units of shop offices and 6 units of double storey semi-detached houses located in Butterworth, Penang. The project was completed in October 2010.

In 2009, through Zipac, we started development of Carissa Park, an apartment block consisting 144 units located in Butterworth, Penang. The project is expected to be completed by end of 2011.

During the same year, through Tambun Indah Development, we commenced the development of a new residential area named Pearl Garden located in Simpang Ampat, Penang. 8 phases of developments were planned on a 253.72 acre plot of land with Phase A1A, Phase A1B and Phase A2 having started in November 2009, March 2010 and July 2010 respectively. Phase A1A and Phase A1B are expected to be completed by 2011, and Phase A2 is expected to be completed by 2012.

In November 2010, through Cenderaman and CBD Land, we commenced the developments of Dahlia Park and Impian Residence respectively. Dahlia Park is a gated residential development incorporating a condominium block of 134 units and 12 units of double storey shop offices. The development of Impian Residence consists of 100 units of double storey terrace house and 32 units of double storey semi-detached house.

Since the commencement of our Group's operations in 1994, we have established ourselves as a reputable property developer in mainland Penang with a revenue of RM100.87 million for the FYE 31 December 2009.

Our Group has been innovative in terms of product differentiation in order to be a step ahead of our competitors. Our Palm Villas development and the first phase of Pearl Garden development with gated and garden concepts had attracted good response from home purchasers. All 148 units of three storeys courtyard terrace houses of our Palm Villas development have been fully sold and it was delivered one year ahead of schedule. The first phase of our Pearl Garden development received good response upon its launching in November 2009 and March 2010. Of the 175 units of residential houses launched in November 2009, 160 units were sold as at the LPD, representing a take-up rate of 91.43% within a period of approximately 12 months. While of the 133 units of residential houses launched in March 2010, 109 units were sold as at the LPD, representing a take-up rate of 81.95% within a period of approximately 8 months. Presently, construction works are in full swing.

As at the LPD, our Group had developed a total of 2,345 units of residential and commercial properties with a total GDV of RM565.35 million. Of this, 2,337 units were sold, which represent 99.66% of total units of properties developed by our Group since we commenced operations.

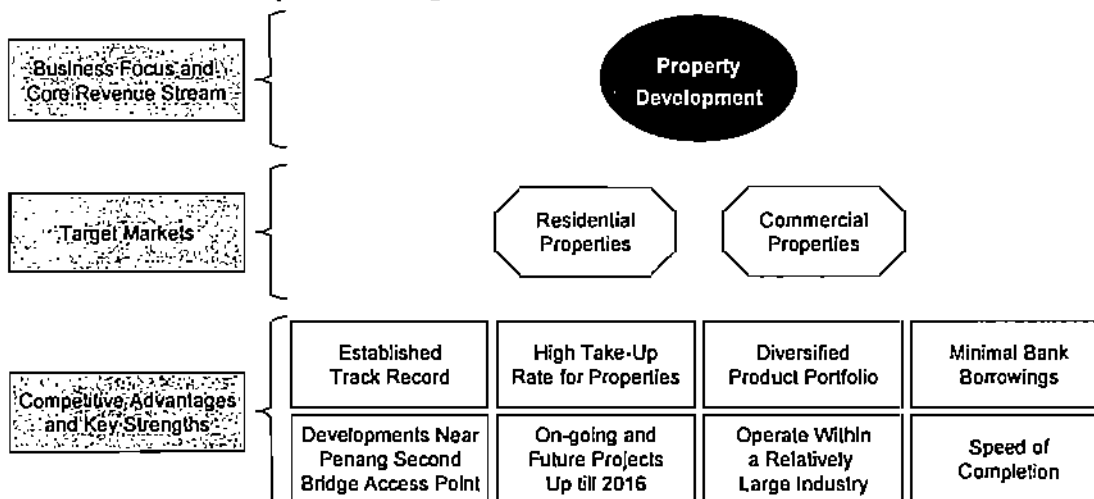
As at the LPD, our Group has a land bank of approximately 210.98 acres located mainly in Simpang Ampat, Bukit Mertajam, Juru and Butterworth, Penang. Of this, approximately 113.65 acres have been approved for development of residential properties. In addition, we are currently in the midst of finalising a total purchases of approximately 101.82 acres of land (Parcel C) located in Simpang Ampat, Penang for future development of residential properties.

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6. BUSINESS OVERVIEW

6.2 BUSINESS MODEL AND PRINCIPAL ACTIVITIES

Our business model is depicted in the figure below:



Our Group outsources the relevant functions of our property development projects to external contractors and other professionals mainly due to the following rationale:

- (i) our Group will benefit from lower overhead costs such as lower staff costs, lower rental of office space and lower costs relating to information technology;
- (ii) outsourcing provides learning opportunities to our Group for the improvement of design and concept of the products;
- (iii) better control and management of the business as outsourcing will reduce the number of employees of our Group;
- (iv) outsourcing provides the flexibility as it allows our Group to bring in additional resources when there are commencement of new projects and to reduce the resources when the projects are completed;
- (v) outsourcing allows our Group to practice tender processes in awarding contracts to building contractors in order to obtain the most compatible terms and prices; and
- (vi) by outsourcing, our Company is able to focus on its core competencies in property development. In addition, our Group continues to maintain certain control and more importantly the final decisions over various relevant functions including architectural and engineering designs, building and construction schedules as well as costings. The project managers and site engineers of our Group will conduct regular progress meetings with the external contractors and other professionals to ensure the quality and timing of the development. In addition, the quality control team and the site engineers of our Group also practices regular checking on the quality of the building and construction during the construction period and before handing over the completed properties to the purchasers. Besides, the management of our Group will review the past records of the external contractors during the tender process before appointing them.

Although outsourcing is our mode of operation, there are certain risks associated with the outsourcing model as highlighted in the risk factors under Section 4.1 of this Prospectus.

6. BUSINESS OVERVIEW

6.2.1 Business focus and core revenue stream

Our business focus and core revenue stream is in property development.

For the FYE 31 December 2009 and FPE June 2010, revenue from property development amounted to RM100.63 million and RM57.04 million respectively. Property development represented 99.76% and 99.52% of our Group's total revenue for the FYE 31 December 2009 and FPE 30 June 2010 respectively.

6.2.2 Target markets

Our main target market for our property development is residential properties, while a small proportion is targeted at commercial properties.

For the FYE 31 December 2009, residential and commercial properties accounted for 98.35% and 1.41% of our total Group's revenue respectively. For the FPE 30 June 2010, residential properties, commercial properties and sale of development land accounted for 98.16%, 0.69% and 0.67% respectively of our Group's total revenue.

The types of residential properties developed by us include bungalows, semi-detached houses, terrace houses, condominiums, apartments and low-cost flats.

Commercial properties developed by us are generally shop offices located near our residential properties.

6.2.3 Competitive advantages and key strengths

We have a number of competitive advantages and key strengths that provide us with a strong platform to compete against other property developers, and also to facilitate business sustenance and growth.

We have an established track record

We have an established track record spanning approximately 16 years for our property development business. As at the LPD, our Group had developed and launched a total of 2,345 units of residential and commercial properties. Our proven track record provides us with the following advantages and benefits:

- Over the years we have built a strong reputation, which provides us with high awareness to attract new customers; and
- Our long years of experience provide some level of confidence to our customers of our ability to deliver, and the quality of our products and services.

Our proven track record provides us with a key competitive advantage particularly when compared to property developers with a shorter history.

We achieved high take-up rate for our properties

Since the commencement of our business and as at the LPD, we have sold a total of 2,337 units of completed residential and commercial properties, which represent 99.66% of all completed properties built by us. Our high take-up rate for our properties indicates the strong demand for our properties and the confidence level of customers regarding the quality and value of our properties. This is a key advantage for us, as our track record of high take-up rate will provide us with the platform to develop and successfully sell our future properties.

6. BUSINESS OVERVIEW

We have a diversified product portfolio

We have a diversified property portfolio, which includes residential and commercial properties. Within our residential property portfolio, we have developed and successfully sold bungalows, semi-detached houses, terrace houses, condominiums, apartments and low-cost flats. Our commercial properties are primarily shop offices built within the vicinity of our developed residential properties.

Our diversified product portfolio provides us with the advantage of growth opportunities, as well as business diversification to mitigate risk from over-dependency in any one area.

We have developments near second Penang Bridge access point

Our on-going and future property developments in Juru and Simpang Ampat in the mainland of Penang are located within 10 to 15 minutes drive from the second Penang Bridge access point. The second Penang Bridge, which began construction in early 2008, is targeted to be completed by 2013.

It is expected that the operation of the second Penang Bridge would stimulate economic activities at both the access points in Batu Maung in Penang Island and Batu Kawan in Penang Mainland. As such, our developments near the mainland access point of the second Penang Bridge would benefit from the envisaged increase in economic and social activities within the surrounding area, thus increasing demand for our properties.

We have on-going and future projects up till 2016

As at the LPD, our Group has 7 on-going projects (including different phases of the same project), details of which are shown in sections 6.3.2, 6.3.8, 6.3.12, 6.3.13, 6.3.14 and 6.3.15 of this Prospectus, which we started in June 2008 and scheduled to be completed by June 2013 with an estimated GDV of RM322.64 million.

In addition, between January 2011 and December 2016, we plan to undertake 9 additional property development projects in Seberang Perai, Penang (including different phases of the same project), details of which are shown in section 6.21 of this Prospectus with an estimated total GDV of RM934.26 million.

Our continuous projects will ensure sustainability of our business and provide growth opportunities for our Group.

We operate within a relatively large industry

As a property developer, we operate within a relatively large industry. In 2009, the size of the total property market in Malaysia in terms of total value of total property transactions was RM81.0 billion, while it was RM6.5 billion for Penang and RM2.4 billion for Seberang Perai.

The large size of the industry provides significant business growth opportunities for our Group.

Minimal bank borrowings

Our Group has been able to operate with minimal borrowings. As at the FPE 30 June 2010, our Group's interest-bearing borrowings amounted to RM13.14 million with a gearing of 0.12 times. For the last 2 FYE 31 December 2008 and 2009, our Group's interest-bearing borrowings amounted to RM20.70 million and RM20.20 million respectively, with gearings of 0.22 times and 0.21 times for the respective years. For the FYE 31 December 2007, our Group had zero interest-bearing borrowings.

As at the LPD, our Group has RM23.26 million borrowings with a low gearing of 0.17 times. Upon utilisation of proceeds, our Group's gearing will be reduced to 0.12 times. During these periods, our Group has successfully completed several developments including 18 units of double storey terrace houses in Taman Tambun Indah, Phase II of Taman Tambun Emas, Casa Impian I and II, Phase I of Juru Heights, Palm Villas, Casa Permai and Seri Palma. Majority of the finance costs for these developments were sourced from our internally generated funds.

6. BUSINESS OVERVIEW

With low gearing, our Group is in a better position to undertake new projects and raise new financing as and when the need arises as compared to property developers with higher gearing. In addition, our Group's priority is to purchase land for future developments from internally generated funds, so as to incur less interest cost from interest-bearing borrowings, to reduce our financial risks and to reinforce our financial strengths. This will also put us in a better position while facing an unfavourable economic condition as compared to property developers with a higher gearing.

Speed of completion

According to the Ministry of Housing and Local Government, the expected date of completion for landed properties such as bungalows, semi-detached houses and terrace houses is 24 months from the date of signing of the sales and purchase agreement whilst the expected date of completion for subdivided buildings such as condominiums, flats, apartments and townhouses is 36 months from the date of signing of the sales and purchase agreement.

Our Group has a good track record of completing our projects on time or even before the expected completion timeline. This is achieved by closely monitoring our projects to minimise delays. The completed projects, commencement date, expected completion date and actual completion dates of our Group are set out below:

	Completed projects	Commencement date	Expected completion date	Actual completion date	Ahead of schedule (months)
1.	Taman Tambun Indah	July 1995	May 2009	February 2008	15
2.	Taman Tambun Indah-Bungalow Phase 2	May 2002	May 2005	March 2004	14
3.	Scotland Villas	March 2002	March 2005	November 2004	4
4.	Taman Tambun Emas-Phase I	April 2005 / December 2005	April 2007/ December 2008	July 2006	9
5.	Taman Tambun Emas-Phase II	April 2007	April 2009	June 2008	10
6.	Taman Seri Tambun-Phase I	July 2002	July 2004	June 2004	1
7.	Taman Seri Tambun-Phase II	December 2005	December 2007	February 2007	10
8.	Casa Impian I	October 2006	October 2008	July 2008	3
9.	Juru Heights-Phase I	December 2006	December 2009	July 2009	5
10.	Palm Villas	March 2007	March 2010	April 2009	11
11.	Casa Impian II	January 2008	January 2010	December 2009	1
12.	Casa Permai	August 2008	August 2010	May 2010	3
13.	Seri Palma	May 2009	April 2011	October 2010	6

6. BUSINESS OVERVIEW

6.3 PRODUCTS AND SERVICES

We are engaged in developing the following types of properties:

- Residential properties including bungalows, semi-detached houses, terrace houses, condominiums/apartments and low-cost flats; and
- Commercial properties, mainly shop offices.

Since the commencement of our property development business in 1994, we have established a track record as a reputable property developer in Penang, particularly for the development of residential properties. This is demonstrated by the fact that we have successfully launched and completed 2,214 residential units in Penang since commencement of our business and as at the LPD.

6.3.1 Revenue segmentation by business activities

The breakdown of our Group's revenue by business activities for the FYE 31 December 2009 and FPE 30 June 2010 were as follows:

	Revenue for FYE 31 December 2009		Revenue for FPE 30 June 2010	
	RM'000	%	RM'000	%
Property Development	100,629	99.76	57,042	99.52
- Residential:	99,208	98.35	56,262	98.16
. Terrace houses	67,494	66.91	17,431	30.41
. Bungalows*	21,355	21.17	27,363	47.74
. Semi-detached houses	5,926	5.87	7,721	13.47
. Low-cost flats	3,145	3.12	50	0.09
. Condominiums/apartments	1,288	1.28	3,697	6.45
- Commercial	1,421	1.41	394	0.69
- Sale of development land	-	-	386	0.67
Others#	244	0.24	727	1.047
TOTAL	100,873	100.00	57,315 ^	100.00 ^

Notes:

* Combined sales of bungalow lots and construction of buildings.

Others include rental income and operation of car park.

^ Does not add-up due to rounding.

For the FYE 31 December 2009 and FPE 30 June 2010, property development accounted for 99.76% and 99.52% of our total revenue respectively. For the FYE 31 December 2009 and FPE 30 June 2010, revenue for property development activities amounted to approximately RM100.63 million and RM57.04 million respectively. Of this, residential properties contributed the largest proportion accounting for 98.35% of our revenue, which amounted to approximately RM99.21 million for the FYE 31 December 2009. Residential properties continued to be our largest revenue contributor for the FPE 30 June 2010, which accounted for 98.16% of our Group's revenue for the financial period. Development of commercial properties accounted for 1.41% and 0.69% of our revenue for the FYE 31 December 2009 and FPE 30 June 2010 respectively. For the FPE 30 June 2010 our Group's other operations including rental of properties and operation of car park, accounted for 0.47% of our total Group revenue for the financial period.

6. BUSINESS OVERVIEW

6.3.2 Summary of completed and on-going projects

As at the LPD, a summary of our completed and on-going property development projects are as follows:

	Projects	Developers	Location	Acres	Type of development	GDV (RM million)	Commencement and completion dates
Completed Projects							
1	Taman Tambun Indah	Tambun Indah SB and Perquest	Lots 258, 215, 471, 956-966 Mukim 14 Seberang Perai Selatan	101.80	Double storey shop offices Three storey shop offices Double storey semi-detached houses Bungalow lots Low-cost flats Double storey terrace houses	116.22	April 1995 – February 2008
2	Scotland Villas	Denmas	Lot 2071 Daerah Timur Laut	2.30	Condominiums Car park lots Three storey terrace houses	56.18	March 2002 – November 2004
3	Taman Tambun Emas – Phase I	Epiland	Lots 290, 596 & 860 Mukim 14 Seberang Perai Selatan	7.40	Double storey terrace houses Double storey semi-detached houses Double storey bungalows	22.28	April 2005 – July 2006
4	Taman Tambun Emas – Phase II	Perquest	Lot 7309 (formerly known as Lot 861) Mukim 14 Seberang Perai Selatan	2.70	Three storey terrace houses Double storey semi-detached houses	11.95	April 2007 – June 2008
5	Taman Seri Tambun – Phase I	Perquest	Lots 2947-2950 Mukim 14 Seberang Perai Selatan	9.60	Double storey terrace houses	19.87	July 2002 – June 2004
6	Taman Seri Tambun – Phase II	Epiland	Lots 2951 & 2952 Mukim 14 Seberang Perai Selatan	4.00	Three storey terrace houses	12.03	December 2005 – February 2007
7	Casa Impian I	Intanasia	Lot 1444 Mukim 14 Seberang Perai Utara	8.07	Double storey semi-detached houses Double storey terrace houses Three storey terrace houses	40.27	October 2006 – July 2008
8	Casa Impian II	Jasnias	Lot 1445 Mukim 14 Seberang Perai Utara	3.09	Double storey terrace houses Three storey terrace houses	18.77	January 2008 – December 2009
9	Juru Heights – Phase I	Juru Heights	Part of lots 1202 & 1439 Mukim 12 Seberang Perai Tengah	53.96	Double storey shop offices Double storey terrace houses Three storey terrace houses Double/three storey bungalows – Phase I Low-cost flats	175.59	December 2006 – July 2009
10	Palm Villas	Hong Hong	Lot 3031 (formerly known as Lots 196 & 197) Seksyen 2 Seberang Perai Utara	11.09	Three storey terrace houses	60.81	March 2007 – April 2009

6. BUSINESS OVERVIEW

	Projects	Developers	Location	Acres	Type of development	GDV (RM million)	Commencement and completion dates
Completed Projects							
11	Casa Permai	Perquest	Lot 7338 (formerly known as Lot 1002) Mukim 14 Seberang Perai Selatan	7.12	Double storey semi-detached houses Bungalows Three storey terrace houses Double storey terracc houses	26.78	August 2008 – May 2010
12	Seri Palma	Hong Hong	Lot 195 Seksyen 2 Seberang Perai Utara	0.95	Double storey shop offices Double storey semi-detached houses	4.60	May 2009 – October 2010
On-going Projects							
13	Juru Heights – Phase II	Juru Heights	Part of lots 1202 & 1439 Mukim 12 Seberang Perai Tengah	27.29	Double/three storey bungalows - Phase II	79.53	June 2008 – January 2011
14	Carissa Park	Zipac	Lots 535, 1081 & 1828 Mukim 14 Seberang Perai Utara	2.73	Apartments	25.93	November 2009 – December 2011
15	Pearl Garden – Phase A1A	Tambun Indah Development	Part of Lot 8751 Mukim 15 Seberang Perai Selatan	17.66	Double storey bungalows Semi-detached houses Double storey terrace houses	54.92	November 2009 – November 2011
16	Pearl Garden – Phase A1B	Tambun Indah Development	Part of Lot 8751 Mukim 15 Seberang Perai Selatan	10.64	Double storey bungalows Semi-detached houses Double storey terrace houses	39.90	March 2010 – December 2011
17	Pearl Garden- Phase A2	Tambun Indah Development	Part of Lot 8751 Mukim 15 Seberang Perai Selatan	8.74	Double storey semi-detached houses Double storey terracc houses	39.45	July 2010 – August 2012
18	Dahlia Park	Cenderaman	Lot 375 Seksyen 4 Bandar Butterworth Seberang Perai Utara	2.23	Condominiums Double storey shop offices	42.09	November 2010 – June 2013
19	Impian Residence	CBD Land	Lots 1785 & 1790 Mukim 14 Seberang Perai Tengah	10.09	Double storey semi-detached houses Double storey terrace houses	40.82	November 2010 – June 2012

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6. BUSINESS OVERVIEW

6.3.3 Taman Tambun Indah



Street view of Taman Tambun Indah

Our property development at Taman Tambun Indah started in 1995 with our first residential and commercial project. The Taman Tambun Indah development was a mixed property development comprising shop offices, low-cost flats, terrace houses, semi-detached houses and bungalow lots.

The Taman Tambun Indah development is located in Simpang Ampat, Penang, and had a total net sales value of RM116.22 million. The bungalows and semi-detached houses in Taman Tambun Indah are gated and guarded in a residential area located about 15 km drive from the access point of the Penang bridge and 9 km drive from the Prai Industrial Estate. Educational facilities, Government offices and recreational grounds are also easily accessible.

The total site area of Taman Tambun Indah is 101.80 acres.

The following are details of the various types of properties of the Taman Tambun Indah project as at the LPD:

Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential property				
- Bungalow lots	305	305	6,000 to 11,000	45.26
- Low-cost flats	158	158	570	3.95
- Double storey semi-detached houses	44	44	2,800	11.60
- Double storey terrace houses	156	156	1,180 to 1,300	28.36
Commercial property				
- Double storey shop offices	77	77	1,300	19.18
- Three storey shop offices	24	24	1,300	7.87
TOTAL	764	764		116.22

6. BUSINESS OVERVIEW

6.3.4 Scotland Villas

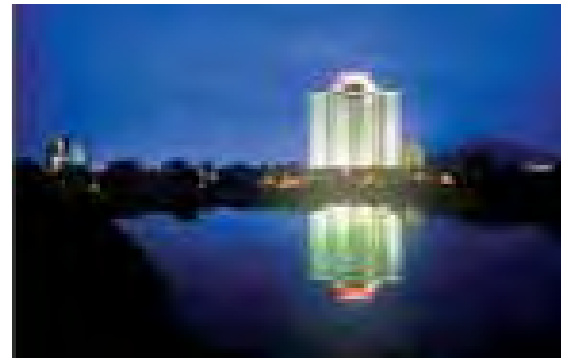
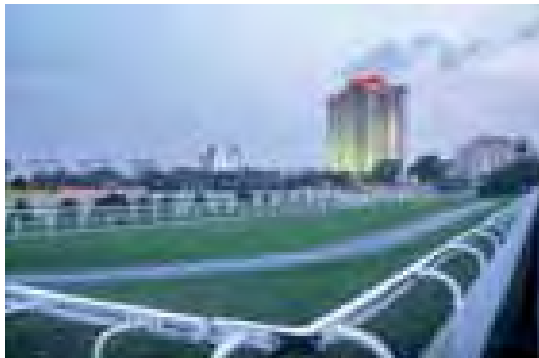
Scotland Villas is a residential property development, which commenced in 2002 and was completed in 2004. It comprised a condominium block of 80 units and 17 units of three storey terrace houses.

The Scotland Villas development is located along Scotland Road in Penang Island. Its net sales value was RM55.33 million (excluding sales of car park lots).

Scotland Villas is a well sought after residential area located next to the Penang Turf Club and is easily accessible to Georgetown, the capital of Penang. Georgetown is one of the most visited cities in Malaysia and is declared as one of the World Heritage Sites by the United Nations Educational, Scientific and Cultural Organisation.



External view of Scotland Villas



Various views of Scotland Villas

The total site area of Scotland Villas is 2.30 acres. The following are details of the various types of properties of Scotland Villas as at the LPD:

Type of development	Units developed	Units sold *	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Condominium	80	80	2,098 to 6,072	43.80
- Three storey terrace houses	17	17	2,744 to 3,357	11.53
TOTAL	97	97		55.33

Note:

- * Excluding sales of car park lots.

6. BUSINESS OVERVIEW

6.3.5 Taman Tambun Emas

Our Taman Tambun Emas property development was a residential property development, which comprised 108 units of double storey terrace houses, 40 units of three storey terrace houses, 10 units of double storey semi-detached houses and 2 units of double storey bungalows.

The Taman Tambun Emas property development is located in Simpang Ampat, Penang. Its total GDV was RM34.23 million. Phase I of the project commenced in 2005 and was completed in 2006, Phase II commenced in 2007 and was completed in 2008.

The total site area of Taman Tambun Emas is 10.10 acres. The following are details of the various types of properties of the Taman Tambun Emas property development project as at the LPD:

Type of Development	Units Developed	Units Sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Double storey terrace houses	108	108	1,182 to 1,235	20.23
- Three storey terrace houses	40	40	1,182	10.62
- Double storey semi-detached houses	10	10	3,615 to 7,233	2.69
- Double storey bungalows	2	2	4,736 to 6,286	0.69
TOTAL	160	160		34.23

6.3.6 Taman Seri Tambun

Our Taman Seri Tambun property development comprised 128 units of double storey terrace houses and 52 units of three storey terrace houses.

The Taman Seri Tambun property development is located in Simpang Ampat, Penang. Its net sales value was RM31.90 million. Phase I of the project commenced in 2002 and was completed in 2004, while Phase II of the project commenced in 2005 and was completed in 2007.



Three storey terrace show house

The total site area of Taman Seri Tambun is 13.60 acres. The following are details of the various types of properties of the Taman Seri Tambun development project as at the LPD:

Type of Development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Double storey terrace houses	128	128	1,072 to 1,905	19.87
- Three storey terrace houses	52	52	1,073 to 1,744	12.03
TOTAL	180	180		31.90

6. BUSINESS OVERVIEW

6.3.7 Casa Impian

Our Casa Impian development was a residential property development which comprised 104 units of double storey terrace houses, 63 units of three storey terrace houses and 10 units of double storey semi-detached houses.



Three storey show house



Double storey show house

The Casa Impian property development is located in Butterworth, Penang. Its net sales value was RM59.04 million. Phase I of the project commenced in 2006 and was completed in 2008 and Phase II of the project commenced in 2008 and was completed in 2009.

Casa Impian is located about 10 minutes drive from the access point of the first Penang Bridge, North South Highway and ferry terminal. In addition, it is also close to schools, markets, food courts, shopping centres and supermarkets.

The total site area of Casa Impian is 11.16 acres. The following are details of the various types of properties of the Casa Impian property development project as at the LPD:

Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Double storey terrace houses	104	104	1,356 to 2,572	32.56
- Three storey terrace houses	63	63	1,356 to 2,561	21.96
- Double storey semi-detached houses	10	10	3,002	4.52
TOTAL	177	177		59.04

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6. BUSINESS OVERVIEW

6.3.8 Juru Heights

Our Juru Heights development comprised 252 units of double storey terrace houses, 101 units of three storey terrace houses, 129 units of double/three storey bungalows, 27 units double storey shop offices and 2 blocks of low-cost flats consisting of 215 units.



Different designs for our developments in Juru Heights

The Juru Heights Phase I development is located in Juru, Penang. Its GDV for the completed phase was RM175.59 million. The project commenced in 2006 and was completed in 2009.

In 2008, we commenced development on Phase II of 128 units of double/three storey bungalows. The development is still on-going and is expected to be completed by early 2011 with an estimated GDV of RM79.53 million.

6. BUSINESS OVERVIEW

Juru Heights is located next to the Juru Auto City and is 5 minutes drive from Prai Industrial Estate and the North South Highway, and approximately 15 minutes from the first and second Penang Bridges and various public amenities such as hospitals and schools. It is also located close to shopping complexes, restaurants, banks and wet markets.

The bungalows and three storey terrace houses in Juru Heights are within a gated and guarded residential area with the following facilities:

- Security features including eard access system, 24 hour security services, perimeter fencing and CCTV;
- It has landscaped gardens; and
- Recreational amenities for the residents include gymnasium, multi-purpose hall, courtyard, foot reflexology path, jogging track and playground.

The total site area of Juru Height is 81.25 acres. The following are details of the various types of properties of the Juru Heights property development project as at the LPD:

Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Double storey terrace houses	252	251	1,279 to 3,648	63.41
- Three storey terrace houses	101	101	1,428 to 3,820	32.97
- Double/three storey bungalows – Phase I	129	129	3,956 to 9,280	63.59
- Double/three storey bungalows – Phase II	128	108	3,956 to 9,182	66.59
- Low-cost flats	215	215	635	7.85
Commercial Property				
- Double storey shop offices	27	26	1,861 to 2,551	7.17
TOTAL	852	830		241.58

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6. BUSINESS OVERVIEW

6.3.9 Palm Villas

Our Palm Villas development comprised 148 units of three storey terrace houses. Palm Villas was our first strata-titled landed homes project, which was built for home owners who are looking for landed homes but would also like to enjoy privacy and the convenience of having property management services.



Night view of interior of Palm Villas



Various external views of Palm Villas

The Palm Villas development is located in Butterworth, Penang. Its net sales value was RM60.81 million. The project commenced in 2007 and was completed in 2009.

6. BUSINESS OVERVIEW

Palm Villas is about 10 minutes drive from the first Penang Bridge, North South Highway, Prai and Mak Mandin Industrial Estates and ferry terminal. It is also close to public amenities including hospitals, schools, markets, food courts, shopping complexes, hypermarkets, banks and shops.

Palm Villas is a gated and guarded residential area with the following common amenities:

- Security card access system, 24 hour security services, perimeter fencing and CCTV;
- Landscaped garden with children's playground, jogging track and community hall including gymnasium, function hall and others; and
- Swimming pool with wading pool and jacuzzi.

The total site area of Palm Villas is 11.09 acres. The following are details of the various types of properties of the Palm Villas development project as at the LPD:

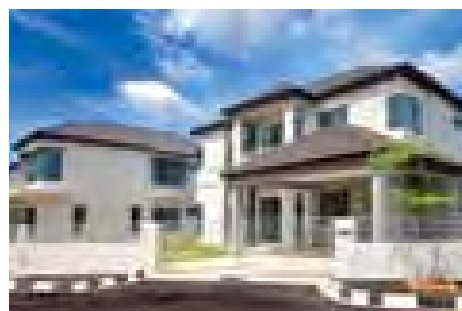
Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property - Three storey terrace houses	148	148	2,906 to 3,789	60.81

6.3.10 Casa Permai

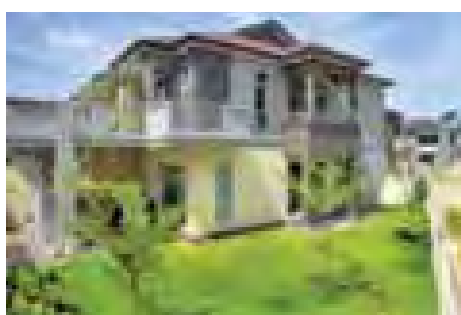
Our Casa Permai property development comprised 36 units of double storey terrace houses, 18 units of three storey terrace houses, 26 units of double storey semi-detached houses and 6 units of bungalows.



Three Storey Terrace House



Double Storey Bungalow



Double Storey Terrace Show House



Double Storey Semi-Detached Houses

The Casa Permai property development is located in Simpang Ampat, Penang. Its GDV is approximately RM26.78 million. The project commenced in 2008 and was completed in 2010.

6. BUSINESS OVERVIEW

The Casa Permai development is located about one minute drive from the Bukit Tambun Toll and North-South Highway, and 10 minutes drive from the first Penang Bridge and Bukit Mertajam. Public amenities available in the area include schools and recreational facilities such as a golf course and the Batu Kawan stadium. In addition, markets, banks, shops and restaurants are easily found in the neighbourhood.

The total site area of Casa Permai is 7.12 acres. The following are details of the various types of properties of the Casa Permai development project as at the LPD:

Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Double storey terrace houses	36	34	1,182	7.97
- Three storey terrace houses	18	18	1,182	5.07
- Double storey semi-detached houses	26	25	2,437 to 4,047	8.86
- Bungalows	6	4	3,541 to 7,060	1.98
TOTAL	86	81		23.88

6.3.11 Seri Palma

The Seri Palma property development comprises 6 units of double storey semi-detached houses and 3 units of double storey shop offices.

The Seri Palma property development is located in Butterworth, Penang. Its GDV is approximately RM4.60 million. The project commenced in 2009 and was completed in 2010.

The total site area of Seri Palma is 0.95 acre.

The following are details of the various types of properties of the Seri Palma development project as at the LPD:

Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Double storey semi-detached houses	6	5	2,556 to 2,899	2.44
Commercial Property				
- Double storey shop offices	3	3	1,184 to 2,034	1.80
TOTAL	9	8		4.24

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6. BUSINESS OVERVIEW

6.3.12 Carissa Park

Our Carissa Park development comprises an apartment block of 144 units.

The Carissa Park property development is located in Bagan Lallang, Butterworth, Penang. Its GDV is RM25.93 million. The project commenced in 2009 and is expected to be completed by end of 2011.



Artist impression of our Carissa Park development

The Carissa Park development is located about 15 minutes drive from the first Penang Bridge with fast access to other major towns such as Bukit Mertajam, Juru and Sungai Petani in Kedah. In addition, schools, markets, shopping complexes and other amenities are just about 10 minutes drive from Carissa Park.

Carissa Park will include the following facilities:

- Security features at the entrance and car park with access card system, 24 hour security services and CCTV surveillance; and
- Common facilities including multi-purpose hall, gymnasium, indoor badminton court, landscaped garden, barbeque pit, exercise corner, children's playground and other outdoor facilities.

The total site area of Carissa Park is 2.73 acres. The following are details of the development of the project as at the LPD:

Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Apartments	144	123	1,210	21.69

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6. BUSINESS OVERVIEW

6.3.13 Pearl Garden

Our Pearl Garden Phase A1A, Phase A1B and Phase A2 developments comprise a combined total of 338 units of double storey terrace houses, 102 units of semi-detached houses and 6 units of bungalows.



Artist impression of the common area in Pearl Garden



Corner unit double storey terrace house in Pearl Garden

The Pearl Garden property development is located in Simpang Ampat, Penang. Its GDV is approximately RM134.27 million. Phase A1A of the project commenced in November 2009 and is expected to be completed by November 2011, Phase A1B of the project commenced in March 2010 and is expected to be completed by December 2011 and Phase A2 of the project commenced in July 2010 and is expected to be completed by August 2012.

The Pearl Garden development is located about 5 minutes drive from the North-South Highway, 10 minutes drive from Bukit Minyak Industrial Park and 15 minutes drive from the first and second Penang Bridges. The town is also completed with various public amenities including schools, hospitals, wet markets, supermarkets and shops.

As a gated and guarded community, the Pearl Garden will have the following facilities:

- 24-hour patrol service, CCTV system, perimeter fencing and boom gate at the guardhouse;
- Clubhouse with indoor and outdoor facilities including swimming pool, gymnasium, multi-purpose hall, jogging track, exercise corner and others; and
- Extensive landscaped garden.

Part of our Group's future plans is to further develop Pearl Garden in various phases, namely Pearl Villas 1, Pearl Villas 2, Pearl Residence 1, Pearl Residence 2 and Pearl Residence 3.

The total site area of Pearl Garden Phase A1A, Phase A1B and Phase A2 is 37.04 acres. The following are details of the various types of properties of the current Pearl Garden property development project as at the LPD:

Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value ⁽¹⁾ (RM million)
Residential Property – Phase A1A, Phase A1B and Phase A2				
- Double storey terrace houses	338	254	1,450 to 3,885	67.71
- Semi-detached houses	102	83	2,755 to 5,392	30.80
- Bungalows	6	4	3,918 to 5,468	2.27
TOTAL	446	341		100.78

6. BUSINESS OVERVIEW

6.3.14 Dahlia Park

Dahlia Park is located on a 2.23 acre plot of land in Butterworth Town Centre, within 2 minutes drive from the Raja Uda Commercial Centre, 5 minutes drive from North-South Highway and 10 minutes drive from the first Penang Bridge. The development is also close to schools, banks, wet markets and shopping centres.

Dahlia Park is a gated residential development incorporating a condominium block of 134 units and 12 units of double storey shop offices.

The condominiums are priced at RM218,000 onwards with a built-up area of 1,395 square feet onwards. The GDV of Dahlia Park is approximately RM42.09 million.

The residential development includes the following common facilities:

- Gym, multi-purpose hall, management office, games room and playground, lobby, outdoor swimming pool, wading pool and barbeque pits;
- Security features such as electronic card access at guardhouse and lobby and 24-hour CCTV recorded surveillance and remote control boom gate; and
- Multi-storey covered parking lot.

In addition, to provide privacy, only 10 units will be built on each floor and the occupiers on the higher floors can enjoy sea view from their premises.

The Dahlia Park project commenced development in November 2010 and is scheduled to be completed by June 2013.

The following are details of the various types of properties of the Dahlia Park development project as at the LPD:

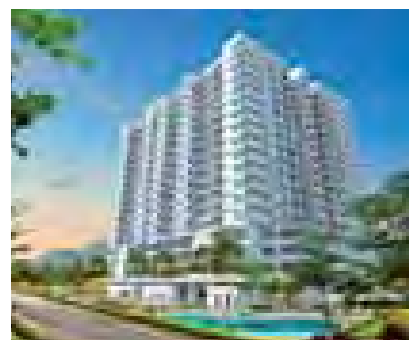
Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Condominium	134	-	1,395 to 1,959	-
Commercial Property				
- Double storey shop offices	12	7	1,365 to 2,192	4.56
TOTAL	146	7		4.56

6.3.15 Impian Residence

The Impian Residence is located on a 10.09 acre plot of land in Alma, Bukit Mertajam, within 3 minutes drive to the Alma commercial area, and 15 minutes drive to the first and second Penang Bridges, North-South Highway and Autocity.

The development is located 10 minutes away from Bukit Mertajam town. As such, it is close to various amenities including schools, banks, shopping malls, petrol stations and government offices, as well as the Bukit Minyak and Prai Industrial Estates.

In addition, it is only 10 minutes away from tourist attractions namely Hutan Lipur CheroK To'Kun, a recreational park with waterfall and mountain streams.



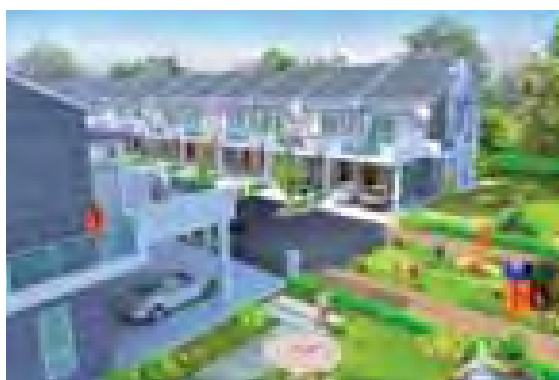
6. BUSINESS OVERVIEW

The development consists of 100 units of double storey terrace houses with a starting price of RM258,000 and 32 units of double storey semi-detached houses with a starting price of RM368,000. The GDV of Impian Residence is approximately RM40.82 million.

The project commenced development in November 2010 and is scheduled to be completed by June 2012.

The following are the details of the various types of properties of the Impian Residence development project as at the LPD:

Type of development	Units developed	Units sold	Gross area per unit (square ft)	Net sales value (RM million)
Residential Property				
- Double storey terrace houses	100	10	1,248 to 3,025	2.82
- Double storey semi-detached houses	32	-	2,518 to 2,701	-
TOTAL	132	10		2.82



Artist impressions of Impian Residence

6.4 PRICE APPRECIATION OF OUR PROPERTIES

The appeal of the projects developed by our Group is enhanced by the general increase in the price over time of properties developed by our Group.

	Dates of sales of equivalent properties	Price increase between date of sales (%)	Approximate number of months
Scotland Villas			
Three storey terrace houses	31 March 2003 - 1 October 2007	44.99 ⁽¹⁾	54
Condominiums	26 November 2002 - 3 November 2009	72.60 ⁽²⁾	83
Casa Impian – Phase I			
Double storey semi-detached houses	29 November 2006 - 22 March 2007	9.35	4
Three storey terrace houses	28 November 2006 - 28 April 2010	8.87 ⁽³⁾	41
Double storey terrace houses	8 November 2006 - 14 March 2007	8.99	4

6. BUSINESS OVERVIEW

	Dates of sales of equivalent properties	Price increase between date of sales (%)	Approximate number of months
Casa Impian – Phase II			
Double storey terrace houses	1 July 2008 - 4 May 2010	13.09	22
Three storey terrace houses	7 April 2008 - 8 October 2008	16.92	6
Juru Heights			
Double storey terrace houses	8 January 2007 - 25 November 2008	14.85	23
Three storey terrace houses	9 July 2007 - 3 February 2010	15.75	31
Bungalow buildings	3 May 2007 - 24 January 2010	11.33	33
Bungalow lots	3 July 2006 - 18 February 2010	47.06*	44
Palm Villas			
Three storey terrace houses	2 April 2007 - 22 February 2010	43.43 ⁽¹⁾	33
Casa Permai			
Double storey terrace houses	12 August 2008 - 19 September 2009	23.48	13
Three storey terrace houses	13 August 2008 - 29 March 2010	8.26	20
Double storey semi-detached houses	8 October 2008 - 30 December 2009	8.63	15
Bungalows	23 December 2008 - 7 December 2009	9.38	12
Carissa Park			
Apartments	19 November 2009 - 29 April 2010	5.13	5
Pearl Garden – Phase A1A			
Double storey terrace houses	18 November 2009 - 17 March 2010	8.70	4
Semi-detached houses	1 December 2009 - 18 March 2010	10.95	4

Notes:

* Based on price per square feet.

Sales prices are based on actual sales transacted. Increased in sales prices were based on price increases set by our Group unless stated otherwise as indicated below:

- (1) Increased in sale price was based on resale of the property in the secondary market and the information was extracted from the sales and purchase agreement dated 1 October 2007.
- (2) Increased in sale price was based on resale of the property in the secondary market and the information was extracted from the sales and purchase agreement dated 3 November 2009.

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- (3) Increased in sale price was based on resale of the property in the secondary market and the information was extracted from the sales and purchase agreement dated 28 April 2010.
- (4) Increased in sale price was based on resale of the property in the secondary market and the information was extracted from the sales and purchase agreement dated 22 February 2010.

As such, with a proven track record of increases in capital gains from our Group's properties, this will encourage demand for future properties developed by our Group.

6.5 KEY ACHIEVEMENTS AND MILESTONES

Following are some of our key achievements and milestones:

Year	Key Achievements and Milestones
1994	Incorporation of Tambun Indah SB.
1995	Started development of Taman Tambun Indah, our Group's first project.
1997	Completed initial phase of the development of Taman Tambun Indah, comprising 287 units of bungalow lots.
1998	Successfully developed another 288 units of shop offices, semi-detached houses and low-cost flats in Taman Tambun Indah.
2002	Started new residential development of 119 units of double storey terrace houses and 18 units of bungalow lots in Taman Tambun Indah. Expanded development into Penang Island with new residential project, Scotland Villas, which comprised a condominium block of 80 units and 17 units of three storey terrace houses. Started development of Phase I of Taman Seri Tambun, new residential project of 128 units of double storey terrace houses.
2003	Completed 64 units of double storey terrace houses in Taman Tambun Indah. Commenced development of 19 units of double storey terrace houses in Taman Tambun Indah.
2004	Completed 74 units of double storey terrace houses and 18 units of bungalow lots in Taman Tambun Indah. Completed development of Scotland Villas. Completed development of Phase I of Taman Seri Tambun. Commenced development of 15 units of three storey shop offices in Taman Tambun Indah.
2005	Completed development of shop offices in Taman Tambun Indah. Commenced development of Phase I of Taman Tambun Emas, new residential project of 108 units of double-storey terrace houses, 6 units of double storey semi-detached houses and 2 units of double storey bungalows. Commenced development of Phase II of Taman Seri Tambun, new residential development comprised 52 units of three storey terrace houses.
2006	Completed development of Phase I of Taman Tambun Emas. Started development of new residential project, Casa Impian I, which comprised 75 units of double storey terrace houses, 10 units of double storey semi-detached houses and 38 units of three storey terrace houses. Started development of Phase I of Juru Heights, which comprised mixed development of 724 units of residential and commercial properties.

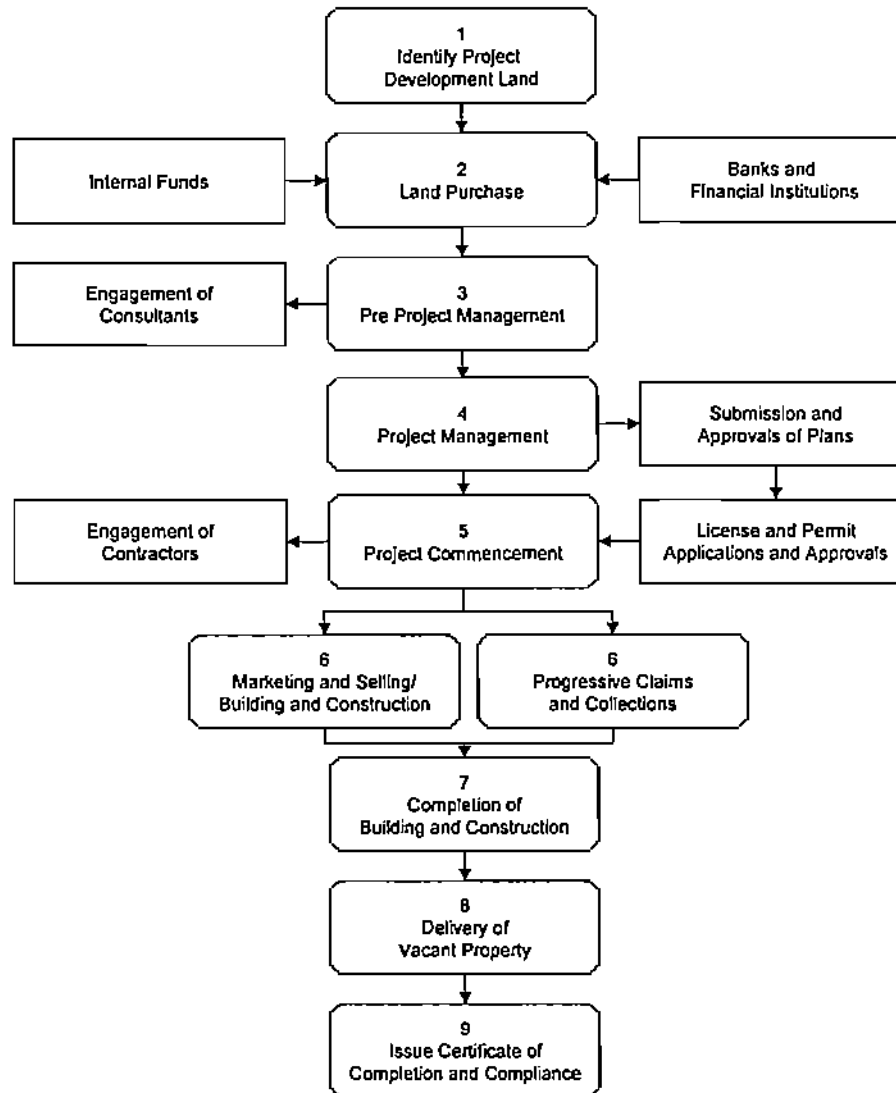
6. BUSINESS OVERVIEW

Year	Key Achievements and Milestones
2007	<p>Completed development of Phase II of Taman Seri Tambun.</p> <p>Commenced new development of 18 units of double storey terrace houses in Taman Tambun Indah.</p> <p>Commenced development of Phase II of Taman Tambun Emas, which comprised 40 units of three storey terrace houses and 4 units of semi-detached houses.</p> <p>Commenced development of Palm Villas, our Group's first strata-titled landed homes with 148 units of three storey terrace houses.</p>
2008	<p>Completed development of 18 units of double storey terrace houses in Taman Tambun Indah.</p> <p>Completed development of Phase II of Taman Tambun Emas.</p> <p>Completed development of Casa Impian I.</p> <p>Commenced development of Casa Impian II, which comprised 29 units of double and 25 units of three storey terrace houses.</p> <p>Commenced development of Phase II of 128 units of double/three storey bungalows in Juru Heights.</p> <p>Commenced development of new residential project, Casa Permai, which comprised 36 units of double storey terrace houses, 18 units of three storey terrace houses, 26 units of semi-detached houses and 6 units of bungalows.</p>
2009	<p>Completed development of Casa Impian II.</p> <p>Completed development of Phase I of Juru Heights.</p> <p>Completed development of Palm Villas.</p> <p>Commenced development of Seri Palma, which comprised 9 units of residential and commercial properties.</p> <p>Commenced development of Carissa Park, which comprised 144 units of apartments.</p> <p>Commenced development of large-scale residential project starting with Phase A1A of Pearl Garden, comprising 4 units of bungalows, 66 units of semi-detached houses and 105 units of double storey terrace houses.</p>
2010	<p>Completed development of Casa Permai.</p> <p>Completed development of Seri Palma.</p> <p>Commenced development of Phase A1B of Pearl Garden, comprising 2 units of double storey bungalows, 32 units of semi-detached houses and 99 units of double storey terrace houses.</p> <p>Commenced development of Phase A2 of Pearl Garden, comprising 4 units of semi-detached houses and 134 units of double storey terrace houses.</p> <p>Commenced development of Dahlia Park, a gated residential development incorporating a condominium block of 134 units and 12 units of double storey shop offices.</p> <p>Commenced development of Impian Residence, which consists of 100 units of double storey terrace houses and 32 units of double storey semi-detached houses.</p>

6. BUSINESS OVERVIEW

6.6 PROCESS FLOW

The process flow for our property development projects is depicted in the diagram below:



(1) Identify Project Development Land

The process flow of a new property development project begins with the identification and acquisition of the project land through Government departments and other sources. A feasibility study of the intended development project is undertaken at this stage of the assessment of the proposed project to evaluate the suitability of the location of the development and on building material costs and pricing. The feasibility study includes title and zone searches, market surveys of neighbouring rental and property costs and values, as well as developing a conceptual plan for the project. A financial and cash flow study of the proposed project is also carried out prior to the purchase of the land.

(2) Land Purchase

The proposed development land is purchased using funds from shareholders and investors as well as from financial institutions upon the acceptance of the feasibility study and negotiation of the land price with the landowner. The company's representing solicitors will undertake all legal requirements for the purchase of the proposed land.

6. BUSINESS OVERVIEW

(3) Pre Project Management

The engagement of consultants is carried out at this stage of the process. Engineering consultants are identified and engaged for civil, mechanical and structural work involved. Architects and surveyors are also identified and recruited.

(4) Project Management

Submission of plans for approval and applications for permits and licences are put in progress before commencement of the building and construction of the development project.

(5) Project Commencement

After receiving approval for the building and layout plans and designs by the Government departments, a construction schedule is undertaken and the accounts and finance department prepare a detailed project budget. Contractors are invited to submit tenders for the project. The job tenders are evaluated and approved contractors are then short-listed. Successful contractors are appointed subject to successful evaluation and approval of their tender documents by the appointed consultants. Upon the receipt of the construction drawings and project schedule, the management begins the sourcing and negotiation of prices of building materials and machinery.

(6) Marketing and Selling, Building and Construction, and Progressive Claims and Collections

Both building and construction and the marketing and sale of the properties in the development project are initiated simultaneously. The project management also launches the development project to the general public through mass media advertising. Marketing concepts of the development project are then subjected to discussion before its marketing and advertising plans are finalised to go ahead. During progress of construction of the project, progressive payments are made to the sub contractor and consultants involved in the development project. Work progress reports are issued to the management on a regular basis. The marketing department will also issue progress billings to purchasers for payment as the construction of the development property is in progress.

(7) Completion of Building and Construction

Upon the completion of the building and construction of the development project, the architect issues project completion certificates and the procurement department evaluates the products and materials procured for the construction of the development for final costing and accountability.

(8) Delivery of Vacant Property

The marketing department informs purchasers to receive vacant possession of the property. Other bills related to property titles and amenities and all outstanding payments are finalised and paid before the release of the property to the purchaser.

(9) Issue CCC

The issuance of the CCC is the final stage of the process and full ownership of the property is handed to the purchaser or owner.

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6. BUSINESS OVERVIEW

6.7 OPERATIONAL FACILITIES

We operate from the following premises in Malaysia:

Companies	Location	Main functions	Approximate built-up area (Square feet)	Location of facilities (Address)
All companies within the Group	Butterworth, Penang	Head office and Operations Centre	9,954	12-01, 12A-01, 1-03, 1-04 Penthouse, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Penang Malaysia

6.8 PRODUCTION OUTPUT, CAPACITY AND UTILISATION

As we are principally engaged in property development, production output, capacity and utilisation rates are not applicable to our business.

6.9 R&D

6.9.1 Policy on R&D

We are engaged in the property development business and we do not undertake any material product R&D. As a result, we do not carry out any specific R&D activities and R&D policy is not relevant to our operations.

6.9.2 Relevant technologies

As our business is focused on property development only where building and construction works are undertaken by party service providers, technologies are not directly relevant to our business.

6.9.3 R&D expenditure

As we are primarily engaged in property development, R&D activities are not relevant in our business.

6.10 PRINCIPAL MARKETS

Malaysia is our principal market having accounted for 98.85%, 98.96%, 98.64% and 100% of our total units sold for the FYE 31 December 2007, 2008 and 2009 and FPE 30 June 2010 respectively.

For the FYE 31 December 2007, 2008 and 2009, 1.15%, 1.04% and 1.36% respectively of our properties were sold to customers overseas. For the FPE 30 June 2010, there were no properties sold to customers overseas.

For the FYE 31 December 2007 to 2009 and FPE 30 June 2010, our markets segmented by number of units of sold were as follows:

	FYE 31 December 2007		FYE 31 December 2008		FYE 31 December 2009		FPE 30 June 2010	
	Number of units sold	Proportion of total units sold (%)	Number of units sold	Proportion of total units sold (%)	Number of units sold	Proportion of total units sold (%)	Number of units sold	Proportion of total units sold (%)
Malaysia	514	98.85	381	98.96	364	98.64	191	100.00
Penang	481	92.50	336	87.27	330	89.43	161	84.29
- Seberang Perai	338	65.00	260	67.53	268	72.63	113	59.16
- Penang Island	143	27.50	76	19.74	62	16.80	48	25.13
Other States	33	6.35	45	11.69	34	9.21	30	15.71
Overseas	6	1.15	4	1.04	5	1.36	-	-
Total	520	100.00	385	100.00	369	100.00	191	100.00

6. BUSINESS OVERVIEW

Note:

The above segmentation of units was based on the correspondence address of customers.

The majority of our customers are from the Penang state. Within Penang itself, 72.63% of the total units sold for the FYE 31 December 2009 were purchased by customers in Seberang Perai. For the FPE 30 June 2010, 59.16% of our total units sold were purchased by customers in Seberang Perai.

This was followed by customers from Penang Island, which accounted for 16.80% and 25.13% of total units sold for the FYE 31 December 2009 and FPE 30 June 2010 respectively.

Customers from other states within Malaysia accounted for 9.21% and 15.71% of total units sold for the FYE 31 December 2009 and FPE 30 June 2010 respectively.

The remaining 1.36% of our units for the FYE 31 December 2009 was sold to overseas customers. No overseas customers were recorded for the FPE 30 June 2010.

6.11 SEASONALITY

Generally the property market is not subjected to any seasonality factors.

6.12 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS/INPUT

PURCHASES OF RAW MATERIALS

As we outsource the construction of our developments to external contractors, purchases of raw materials are not directly relevant to our business operations.

However, as we utilise consultants and contractors for our property developments, the following are the services that we purchase from external parties which were all sourced locally for the FYE 31 December 2007 to 2009 and for the FPE 30 June 2010:

(i) FYE 31 December 2007

	Value of purchase (RM'000)	% of total Group purchases
Building construction works	53,769	92.32
Site clearing, earthwork, road and drainage	1,844	3.17
Electrical works	238	0.41
Sanitary, sewerage and plumbing	1,172	2.01
Consultants*	1,071	1.84
Interior design	146	0.25
Sub-contracted Services	58,240⁽¹⁾	100.00

(ii) FYE 31 December 2008

	Value of purchase (RM'000)	% of total Group purchases
Building construction works	58,059	82.09
Site clearing, earthwork, road and drainage	8,965	12.68
Electrical works	844	1.19
Sanitary, sewerage and plumbing	1,989	2.81
Consultants*	872	1.23
Sub-contracted Services	70,729⁽¹⁾	100.00

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(iii) FYE 31 December 2009

	Value of purchase (RM'000)	% of total Group purchases
Building construction works	36,117	79.94
Site clearing, earthwork, road and drainage	4,282	9.48
Electrical works	1,661	3.68
Piling works	968	2.14
Sanitary, sewerage and plumbing	837	1.85
Consultants*	534	1.18
Interior design	330	0.73
CCTV and security system	293	0.65
Landscaping	157	0.35
Sub-contracted Services	45,179⁽¹⁾	100.00

(iv) FPE 30 June 2010

	Value of purchase (RM'000)	% of total Group purchases
Building construction works	29,125	90.88
Site clearing, earthwork, road and drainage	1,952	6.09
Interior design	374	1.17
Consultants*	321	1.00
Electrical works	103	0.32
Sanitary, sewerage and plumbing	78	0.24
Landscaping	58	0.18
CCTV and security system	38	0.12
Sub-contracted Services	32,048^{(1) ^}	100.00

Notes:

(1) Total purchases of sub-contracted services are after exclusion of inter-company transactions.

* Include civil and structural engineers, mechanical and electrical engineers, architects and land surveyors.

^ Does not add-up due to rounding.

For the FYE 31 December 2009 and FPE 30 June 2010, all of our purchases were sourced locally.

For the FYE 31 December 2009 and FPE June 2010, purchases of sub-contracted building and construction works accounted for 79.94% and 90.88% of our Group's total purchases respectively, representing our Group's largest purchases.

This was followed by purchases of sub-contracted site clearing, earthwork, road and drainage works, which accounted for 9.48% and 6.09% of our Group's total purchases for the FYE 31 December 2009 and FPE 30 June 2010 respectively.

6. BUSINESS OVERVIEW

Purchases of sub-contracted electrical works accounted for 3.68% and 0.32% of our Group's total purchases for the FYE 31 December 2009 and FPE 30 June 2010 respectively.

The remaining 6.90% and 2.71% of our purchases for the FYE 31 December 2009 and FPE 30 June 2010 were contributed by sub-contracted piling works, sanitary, sewerage and plumbing works, consultancy services, interior design services, installation of CCTV and security system services and landscaping works.

Thus far, our Group has not experienced any shortages in the supply of sub-contracted services mentioned above.

6.13 QUALITY CONTROL PROCEDURES OR QUALITY MANAGEMENT PROGRAMMES

We place strong emphasis on quality control as well as adhere to stringent quality standards for our property development operations.

We have a team of dedicated and experienced project managers and supervisors to closely monitor and manage the construction process to ensure that our quality standards are adhered and maintained.

We have a panel of professionals and suppliers namely architects, engineering consultants, interior designers, and building contractors, most of whom have been contracted by us since the commencement of our Group's operations.

6.14 MARKETING STRATEGIES AND DISTRIBUTION CHANNEL STRATEGY

6.14.1 Marketing strategies

Our marketing strategies are as follows:

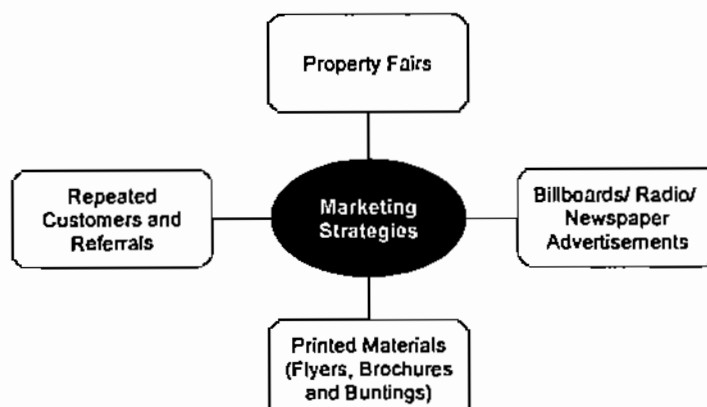
- Position ourselves as an established property developer, with the capability to provide and develop quality residential and commercial properties with contemporary and innovative designs to meet market requirements;
- Continuously provide quality developments to establish our reputation as a preferred property developer;
- Continuously provide the appropriate mix of property developments that appeal to the market; and
- Keeping abreast of new and innovative designs and concepts to stay ahead of the competition as well as better meet the needs and requirements of customers and changing market trends.

To implement our marketing strategy, we have our own sales and marketing team of 10 personnel as at the LPD, focusing on marketing and promotions.

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6. BUSINESS OVERVIEW

In addition, our Group also utilises the following marketing and promotional methods to create awareness with the aim of increasing sales:



Our Group has participated in various property fairs and exhibitions including the following:

NAMES OF EVENTS	LOCATION	NATURE OF PARTICIPATION	DATE
Property Promotion	Sunway Carnival, Seberang Perai	Participant	12 November 2010 until 14 November 2010
Dream House Property Fair 2010	Sunway Carnival, Seberang Perai	Participant	8 October 2010 until 10 October 2010
PIP Property Summit 2010	Penang International Sports Arena ("PISA"), Penang	Participant	24 September 2010 until 26 September 2010
Penang Mega Property & Investment Expo 2010	Gurney Plaza, Penang	Participant	3 September 2010 until 5 September 2010
Property Fair	Carrefour, Seberang Perai, Penang	Participant	19 August 2010 until 22 August 2010
Property Promotion	Sunway Carnival, Seberang Perai, Penang	Organiser	13 August 2010 until 15 August 2010
Star Property Fair 2010	G Hotel, Penang	Participant	23 July 2010 until 25 July 2010
Property Promotion	Sunway Carnival, Seberang Perai, Penang	Organiser	15 July 2010 until 18 July 2010
Mega Property & Investment	Queensbay Mall, Penang	Participant	25 June 2010 until 27 June 2010
Dream Homes Property Fair	Sunway Carnival, Seberang Perai	Participant	14 May 2010 until 16 May 2010
IN Penang Property Fair 2010	Queensbay Mall, Penang	Participant	6 May 2010 until 9 May 2010
Property Fair	Taman Tambun Indah	Organiser	10 April 2010
Penang International Property Expo 2010	PISA, Penang	Participant	19 March 2010 until 21 March 2010

6. BUSINESS OVERVIEW

NAMES OF EVENTS	LOCATION	NATURE OF PARTICIPATION	DATE
Chinese New Year Property Fair	Queensbay Mall, Penang	Participant	18 February 2010 until 21 February 2010
PISA Property Lifestyle Parade	PISA, Penang	Participant	18 December 2009 until 20 December 2009
The Final Showcase- Property & Auto Fair Year End Carnival	Queensbay Mall, Penang	Participant	23 October 2009 until 25 October 2009
The Star Property Fair	G Hotel, Penang	Participant	11 September 2009 until 13 September 2009
2009 Carrefour Property Fair	Carrefour, Seberang Perai, Penang	Participant	31 July 2009 until 2 August 2009
Dream Homes Property Fair 2009	Sunway Carnival, Seberang Perai, Penang	Participant	31 July 2009 until 2 August 2009
2009 Carrefour Property Fair	Carrefour, Seberang Perai, Penang	Participant	3 July 2009 until 5 July 2009
Penang Mega Property & Investment Expo 2009	Queensbay Mall, Penang	Participant	12 June 2009 until 14 June 2009
Dream Homes Property Fair 2009	Sunway Carnival, Seberang Perai, Penang	Participant	29 May 2009 until 31 May 2009
Penang International Property Expo 2009	PISA, Penang	Participant	27 March 2009 until 29 March 2009
Gurney Plaza New Wing Promotion Lot	Gurney Plaza, Penang	Participant	15 November 2008 until 19 November 2008
Dream Homes Property Fair 2008	Sunway Carnival, Seberang Perai, Penang	Participant	14 November 2008 until 16 November 2008
Pesta Tanglung	Rumah Berhala Tow Boo Kong, Butterworth	Participant	13 September 2008 until 16 September 2008
The Star Property & Home Fair 2008	PISA, Penang	Participant	5 September 2008 until 7 September 2008
Gurney Property Expo 2009	Gurney Plaza, Penang	Participant	8 August 2008 until 10 August 2008
Malaysia Property Expo ("MAPEX") 2008	Sunway Carnival, Seberang Perai, Penang	Participant	8 August 2008 until 10 August 2008
MAPEX 2008	Che Hoon Khor Moral Uplifting Society, Penang	Participant	11 July 2008 until 13 July 2008
Tambun Indah Road Show	Carrefour, Seberang Perai, Penang	Organiser	6 June 2008 until 8 June 2008
Queensbay Property Expo 2008	Queensbay Mall, Penang	Participant	23 May 2008 until 25 May 2008

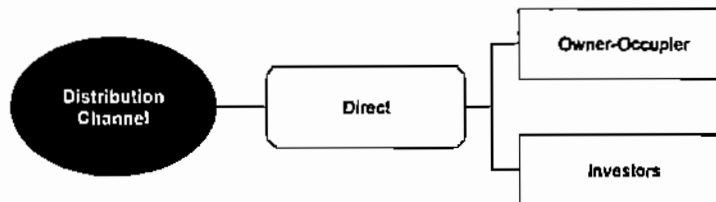
6. BUSINESS OVERVIEW

NAMES OF EVENTS	LOCATION	NATURE OF PARTICIPATION	DATE
Dream Homes Property Fair 2008	Sunway Carnival, Seberang Perai, Penang	Participant	23 May 2008 until 25 May 2008
Penang International Property Expo 2008	PISA, Penang	Participant	14 March 2008 until 16 March 2008
Goche Dream Homes Property Fair 2008	Sunway Carnival, Seberang Perai, Penang	Participant	22 February 2008 until 24 February 2008
Gurney Property Expo 2008	Gurney Plaza, Penang	Participant	25 January 2008 until 27 January 2008
BS Event	Sunway Carnival, Seberang Perai, Penang	Participant	4 January 2008 until 6 January 2008

- Other promotional methods also include advertising our newly launched properties in local newspapers, radio, billboards and printed materials as well as customer referrals and repeated customers.

6.14.2 Distribution channel strategy

Our distribution channel strategy is based on direct channels:



As a property developer, we adopt a direct distribution channel strategy through our own sales and marketing team to sell our properties to our customers.

We market directly to customers including owner-occupiers and investors.

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6. BUSINESS OVERVIEW

6.15 MAJOR LICENCES AND PERMITS

The major licences and permits obtained by our Group are listed below:

Authority	Type of licence	Licence no.	Validity period	Project	Major conditions	Compliance status
Denmas Construction Industry Development Board Malaysia	Certification of registration as contractor	0120100505-PP129173	05.05.2010-04.05.2011	All contracts undertaken	Note (1)	To be met
Tokoh Edaran Construction Industry Development Board Malaysia	Certification of registration as contractor	0120060717-PP109955	29.09.2009-28.09.2012	All contracts undertaken	Note (1)	To be met
Zipac Ministry of Housing and Local Development	Developer's License	11060-1/10-2014/984	7.10.2009-6.10.2014	Pangsapuri Carissa -10-storey apartment	No major condition is attached	Not applicable
	Advertisement and Sale Permit	11060-1/1602/2011(10)	7.10.2010-6.10.2011		No major condition is attached	Not applicable
Tambun Indah Development Ministry of Housing and Local Development	Developer's License	11077-1/11-2014/1102	4.11.2009-3.11.2014	Villa Mutiara -2-storey bungalows -2-storey semi-detached houses -2-storey terrace houses	No major condition is attached	Not applicable
	Advertisement and Sale Permit	11077-1/2041/2011(11)	4.11.2010-3.11.2011		No major condition is attached	Not applicable
CBD Land Ministry of Housing and Local Development	Developer's License	11428-1/11-2013/1318	18.11.2010-17.11.2013	Taman Impian Jaya - 2-storey semi-detached houses - 2-storey terrace houses	No major condition is attached	Not applicable
	Advertisement and Sale Permit	11428-1/2267/2011(12)	18.11.2010-17.11.2011		No major condition is attached	Not applicable

6. BUSINESS OVERVIEW

Authority	Type of licence	Licence no.	Validity period	Project	Major conditions	Compliance status
Cenderaman Ministry of Housing and Local Development	Developer's License	11446-1/11- 2015/1367	1.12.2010- 30.11.2015	Dahlia Park - Condominium - 2-storey shop offices	No major condition is attached	Not applicable
	Advertisement and Sale Permit	11446- 1/2348/2011(11)	1.12.2010- 30.11.2011		No major condition is attached	Not applicable

Note:

(1) The solient conditions ottached to the Certifications are, inter alia, as follows:

1. **General Conditions**

The certification shall not be transferred.

2. **Responsibilities and Obligations of the Contractor**

(a) *The contractor shall comply with the provisions of the Akta Lembaga Pembangunan Industri Pembinaan Malaysia 1994, the regulations made thereunder and any terms, conditions or restrictions imposed by the Board from time to time.*

(b) *The contractor shall not participate in any tender or carry out any construction work after the validity period of this certification and until it is renewed.*

(c) *The contractor shall not undertake to carry out any construction project exceeding the value of the construction work stated under its registration grade and shall not carry out any construction project outside the category of its registration.*

(d) *The contractor shall apply for renewal of the registration within 60 days before the expiry date stated in the certification. Any application received by the Board later than 30 days before the expiry date of the certification of registration will be subject to a fee of RM200.00 for late renewal.*

3. **Disciplinary Action**

The contractor's registration shall be cancelled, suspended or revoked if:

(i) *the contractor fails to comply with the requirements of any other written law;*

(ii) *the contractor is adjudicated as bankrupt;*

(iii) *a winding-up petition is served on the contractor;*

(iv) *the contractor breaches or fails to comply with any provision of the Akta Lembaga Pembangunan Industri Pembinaan Malaysia 1994;*

(v) *the contractor has obtained the certification through making or caused to be made any false or fraudulent declaration or representation whether written or otherwise;*

(vi) *the contractor abandons any construction work undertaken to be carried out without any valid reason;*

(vii) *the contractor has been found guilty for negligence by court or any other investigation body incorporated under any written law in connection with any construction works undertaken; or*

(viii) *the contractor has breached any of the terms and conditions stated under the Responsibilities and Obligations of the Contractor above.*



6. BUSINESS OVERVIEW

6.16 TRADE MARK

Saved as disclosed below, as at the LPD, our Group does not presently hold any brand names, patents, trade marks, licences technical assistance agreements, franchises and other intellectual property rights.

Under the Trade Mark Act 1976 and Trade Mark Regulations 1997, all trade marks have to be registered before a trade mark can be adopted in relation to any goods or services. The Registrar of Trade Marks is the authority for the registration of trade marks in Malaysia. Registration of trade marks shall be valid for a period of ten (10) years and may be renewed from time to time.

Our Group has filed 2 applications for registration of trade marks for Tambun Indah SB and Tambun Indah and are currently pending approval as follows:

Trademark	Name of Applicant	Application Date	Description	Date of filing
	Tambun Indah SB	23 June 2008	Tambun Indah (logo) in Class 37 in Malaysia	24 June 2008
	Tambun Indah	22 October 2010	Tambun Indah (logo) in Class 37 in Malaysia	25 October 2010

By a letter dated 22 July 2009, the Registrar of Trade Marks has sent to the trade mark agent of the Group 'Instructions for Advertising Trade Marks in the Gazette' together with the details of the trade mark which contained a disclaimer as follows:

Registration of this trade mark shall give no right to the exclusive use of the words 'Tambun Indah'.

The trade mark agent has, by their letter of 30 July 2009, replied to the Registrar to seek amendment to the disclaimer imposed on the exclusive use of 'Tambun Indah' by Tambun Indah SB.

As at the LPD, there is no response by the Registrar yet to the trade mark agent.

6.17 INTERRUPTION/DISRUPTION IN BUSINESS

Our Group did not experience any disruption in business which had a significant effect on our operations for the 12 months prior to the date of this Prospectus.

6.18 MAJOR CUSTOMERS

We do not have any customers that represented 10% or more of our total Group's revenue for the last 3 FYE 31 December 2007, 2008 and 2009 and FPE 30 June 2010. Generally, the Group's customers include owner-occupiers and investors.

6.19 MAJOR SUPPLIERS/CONTRACTORS

The table below is a list of our Group's suppliers, which accounted for 10% or more of total Group's development costs incurred for the last 3 financial years and financial period.

6. BUSINESS OVERVIEW

Supplier Name	FYE 31 December 2007		FYE 31 December 2008		FYE 31 December 2009		FPE 30 June 2010	
	Purchases (RM'000)	Proportion of development costs (%)	Purchases (RM'000)	Proportion of development costs (%)	Purchases (RM'000)	Proportion of development costs (%)	Purchases (RM'000)	Proportion of development costs (%)
Patsifit Construction Sdn Bhd	29,786	44.54	14,776 ⁽¹⁾	28.31	42,165	54.45	8,882	24.99
Pen Harvest Sdn Bhd	15,957	23.86	12,233	23.43	12,088	15.61	9,701	27.29
Jagat Cerah Sdn Bhd	2,137	3.20	9,108 ⁽²⁾	17.45	3,325	4.29	10,542	29.65
Khor Khye Hing Construction Sdn Bhd	1,634	2.44	2,996	5.74	8,919	11.52	#	#
TOTAL DEVELOPMENT COST	66,878	100.00	52,201	100.00	77,432	100.00	35,549	100.00

Notes:

- (1) The purchases from Patsifit Construction Sdn Bhd decreased by approximately RM15.01 million or 50.39% from approximately RM29.79 million for the FYE 31 December 2007 to approximately RM14.78 million for the FYE 31 December 2008. This was mainly due to more contracts being awarded to other suppliers in 2008 as those suppliers offered better terms and prices to our Group as compared to Patsifit Construction Sdn Bhd. Please note that our Group practices tender process in awarding contracts to building contractors in order to obtain the most competitive terms and prices.
- (2) The purchases from Jagat Cerah Sdn Bhd increased by approximately RM6.97 million or 326.20% from approximately RM2.14 million for the FYE 31 December 2007 to approximately RM9.11 million for the FYE 31 December 2008. This was mainly due to more contracts being awarded to Jagat Cerah Sdn Bhd in 2008 as it offers more competitive terms and prices to the Group as compared to other contractors.

Insignificant amount and proportion.

MITIGATING FACTORS

Patsifit Construction Sdn Bhd, Pen Harvest Sdn Bhd, Jagat Cerah Sdn Bhd, and Khor Khye Hing Construction Sdn Bhd accounted for more than 10% each of our Group's total purchases during the last 3 FYE 31 December 2007, 2008 and 2009 and FPE 30 June 2010.

However, the following factors help us to mitigate against dependency on these suppliers:

- We have developed stable and long business relationships with our suppliers. This is demonstrated by the fact that Patsifit Construction Sdn Bhd, Pen Harvest Sdn Bhd, Jagat Cerah Sdn Bhd, and Khor Khye Hing Construction Sdn Bhd have been our suppliers for the past 9, 13, 8 and 14 years respectively.
- We deal with these suppliers as they are able to offer the most competitive price when invited for bids. We can easily source for other suppliers, if the need arises.

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6. BUSINESS OVERVIEW

6.20 EMPLOYEES

Employee segmentation by job functions

Our employee segmentation by job functions as at 31 December 2007, 2008, 2009 and as at the LPD are as follows:

	Number of Employees			
	2007*	2008*	2009*	As-at-LPD
Managerial and professional ⁽¹⁾	4	9	11	15
Technical professionals	5	4	4	7
Sales and marketing	10	9	8	10
Administrative and clerical	7	9	8	8
Other personnel ⁽²⁾	2	3	4	3
Total	28	34	35	43

Notes:

* As at 31 December of the corresponding year.

(1) Include Directors, accountants and managers.

(2) Include parking attendents and drivers.

As at the LPD, management and professional employees comprising Directors, accountants and managers, represented 34.88% of our total employees.

As at the LPD, technical professionals represented 16.28% of our total employees and these comprised mainly assistant project managers, project engineers and quantity surveyors.

Our sales and marketing personnel, and administrative and clerical personnel represented 23.26% and 18.60% of our total employees respectively.

Other personnel accounted for the remaining 6.98% of our total employees.

Employee segmentation by local and foreign workers

As at the LPD, all of our employees are local workers and we do not have any foreign workers.

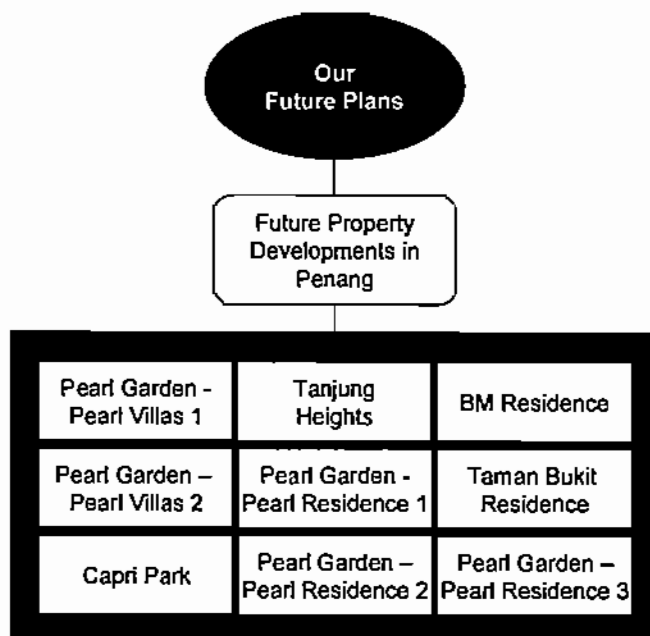
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6. BUSINESS OVERVIEW

6.21 FUTURE PLANS

6.21.1 Overview

Our future plans are focused on property developments in Penang and these are as reflected in the diagram below:



We will continue to focus on future property development projects in Penang. Our Group's future projects are listed as follows:

	Future projects	Developer	Location	Acres	Type of development	Estimated number of units	Estimated GDV (RM million)	Expected commencement and completion dates
1	Pearl Garden – Pearl Villas 1	Tambun Indah Development	Part of Lot 8751 Mukim 15 Seberang Perai Selatan	15.98	Double storey bungalows	13	7.54	January 2011 – December 2012
					Double storey terrace houses	63	17.64	
					Double storey semi-detached houses	92	35.42	
2	Tanjung Heights	Intanasia	Lot 195 Seksyen 3 Bandar Butterworth Seberang Perai Utara	3.41	Condominiums	148	36.65	March 2011 – September 2013
					Double/Three storey shop offices	17	15.51	
3	BM Residence	TID Development	Lots 73, 75 & 76 Mukim 10 Seberang Perai Tengah	5.15	Condominiums	110	22.69	March 2011 – December 2012
					Semi-detached houses	8	3.84	
					Bungalows	1	0.60	
					Three storey terrace houses	29	12.12	

6. BUSINESS OVERVIEW

	Future projects	Developer	Location	Acres	Type of Development	Estimated Number of Units	Estimated GDV (RM million)	Expected commencement and completion dates
4	Pearl Garden – Pearl Villas 2	Tambun Indah Development	Part of Lot 8751 Mukim 15 Seberang Perai Selatan	14.88	Double storey bungalows	6	3.60	August 2011 – July 2013
Double storey terrace houses					89	27.15		
Double storey semi-detached houses					72	28.80		
5	Pearl Garden Pearl Residence 1	Tambun Indah Development	Part of Lots 8750, 114 & 1067 Mukim 10 Seberang Perai Tengah	46.38	Double storey bungalows	312	188.36	January 2012 – January 2014
6	Taman Bukit Residence	Denmas Development	Lot 122 Mukim 10 Seberang Perai Tengah	3.08	Three storey terrace houses	54	24.30	March 2012 – March 2014
7	Capri Park	Jasnia	Lot 3620 (old lot 1032) Seksyen 4 Bandar Butterworth Seberang Perai Utara	2.70	Apartments	148	31.52	May 2012 – September 2014
Double storey shop offices					7	4.55		
8	Pearl Garden – Pearl Residence 2	Tambun Indah Development	Part of Lots 8750, 114 & 1067 Mukim 15 Seberang Perai Selatan	37.62	Double storey bungalows	178	107.02	January 2013 – January 2015
9	Pearl Garden – Pearl Residence 3	Tambun Indah Development	Lots 8749, 8748, 1445, 1433 & 1428 Mukim 15 Seberang Perai Selatan	101.82	Double storey bungalows	502	315.49	January 2014 – December 2016
Double storey semi-detached houses					124	51.46		
	Total			231.02		1,973	934.26	

Between January 2011 and the end of 2016, our Group plans to undertake 9 property development projects in Penang (including different phases of the same project) with an estimated total GDV of RM934.26 million.

In line with our Group's overall business strategy, we will continue to deliver quality developments comprising residential properties including bungalows, semi-detached houses, terrace houses, condominiums/apartments and commercial properties.

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6. BUSINESS OVERVIEW

6.21.2 Pearl Garden

Our Group is currently developing Phases A1A, A1B and A2 of the Pearl Garden project, which started in November 2009, March 2010 and July 2010 respectively. Phases A1A and A1B are expected to be completed by November 2011 and December 2011 respectively, and Phase A2 is expected to be completed by August 2012.

Pearl Garden is a gated and guarded residential area located on a 253.72 acre plot of land in Simpang Ampat, Penang. It is 5 minutes drive from the North-South Highway, 10 minutes drive from Bukit Minyak Industrial Park and 15 minutes drive from the first and second Penang Bridges.

The town is also complete with various public amenities including schools, hospitals, wet markets, supermarkets and shops.

As a gated and guarded community, the Pearl Garden includes the following common facilities:

- 24-hour patrol service, CCTV system, perimeter fencing and boom gate at the guardhouse;
- Clubhouse with indoor and outdoor facilities including swimming pool, gymnasium, multi-purpose hall, jogging track, exercise corner and other facilities; and
- Extensive landscaped garden.

We plan to further expand the development of Pearl Garden in different phases.

Pearl Villas 1

This development comprises 92 units of double storey semi-detached houses, 63 units of double storey terrace houses and 13 units of double storey bungalows.

It is scheduled to commence development by January 2011 and expected to be completed by December 2012.

Pearl Villas 2

This development consists of 72 units of double storey semi-detached houses, 89 units of double storey terrace houses and 6 units of double storey bungalows.

It is scheduled to start in August 2011 and expected to be completed by July 2013.

Pearl Residence 1

This development comprises 312 units of double storey bungalows.

It is expected to commence development in January 2012 and expected to be completed by January 2014.

Pearl Residence 2

This development consists of 178 units of double storey bungalows.

It is scheduled to commence in January 2013 and expected to be completed by January 2015.

Pearl Residence 3

We currently hold an option to acquire approximately 101.82 acres of land located in Simpang Ampat, Penang for our Pearl Residence 3 development of Pearl Garden.

This development comprises 502 units of double storey bungalows and 124 units of double storey semi-detached house.

It is expected to commence in January 2014 and expected to be completed by December 2016.

6. BUSINESS OVERVIEW

6.21.3 Capri Park

Capri Park's development is located on a 2.70 acre plot of land in Butterworth, Penang.

The development comprises a block of apartments of 148 units and 7 units of double storey shop offices. The GDV of the project is approximately RM36.07 million.

The project is scheduled to commence development in May 2012 and expected to be completed by September 2014.

6.21.4 Tanjung Heights

Tanjung Heights' development is located on a 3.41 acre plot of land in Butterworth, Penang.

The development comprises a block of condominiums of 148 units and 17 units of double/three storey shop offices. The GDV of the project is approximately RM52.16 million.

This project is scheduled to commence development in March 2011 and expected to be completed by September 2013.

6.21.5 BM Residence

BM Residence's development is located on a 5.15 acre plot of land in Bukit Mertajam, Penang.

The development comprises a block of condominiums of 110 units, 29 units of three storey terrace houses, 8 units of semi-detached houses and 1 unit of bungalow. The GDV of the project is approximately RM39.25 million.

The project is scheduled to commence development on March 2011 and expected to be complete by December 2012.

6.21.6 Taman Bukit Residence

Taman Bukit Residence's development is located on a 3.08 acre plot of land in Bukit Mertajam, Penang.

The development comprises 54 units of three storey terrace houses. The GDV of the project is approximately RM24.30 million.

This project is scheduled to commence development on March 2012 and expected to be completed by March 2014.

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6. BUSINESS OVERVIEW

6.21.7 Milestones

The following table indicates the timing for implementation of our future plans:

	Year of Commencement			
	2011	2012	2013	2014
New Property Developments in Penang				
Pearl Garden				
- Pearl Villas 1	√			
- Pearl Villas 2	√			
- Pearl Residence 1		√		
- Pearl Residence 2			√	
- Pearl Residence 3				√
Capri Park		√		
Tanjung Heights	√			
BM Residence	√			
Taman Bukit Residence		√		

6.22 PROSPECTS OF OUR GROUP

The prospects of our Group are favourable in light of the following factors:

- Good business performances;
- Competitive advantages;
- Future plans to provide sustainable growth;
- Industry outlook;
- Flow-on benefits from the second Penang Bridge; and
- Qualified and experienced management team.

Good business performances

Our good business performance is supported by the following financial achievements between the FYE 31 December 2007 and 2009 and FPE 30 June 2010:

- Our PAT increased from RM19.56 million for the FYE 31 December 2007 to RM23.76 million for the FYE 31 December 2009. This represented an average annual growth rate of 7.16% between the FYE 31 December 2007 and 2009;
- Our PAT increased from RM11.29 million for the FPE 30 June 2009 to RM14.10 million for the FPE 30 June 2010. This represented a growth rate of 24.89%;

6. BUSINESS OVERVIEW

- Our PAT margin also grew from 20.15% for the FYE 31 December 2007 to 23.56% for the FYE 31 December 2009; and
- Our PAT margin grew from 20.69% for the FPE 30 June 2009 to 24.60% for the FPE 30 June 2010.

The good financial performance over the last 3 years will provide us with the platform for continuing business success and growth.

Competitive advantages

Our competitive advantages will provide a platform for continuing growth and success. These include the following:

- we have an established track record spanning approximately 16 years, which strengthens our brand name and provide confidence of our ability to deliver quality properties;
- we have achieved high take-up rate for our properties where as at the LPD, 99.66% of our completed properties have been sold;
- we have a diversified portfolio of residential and commercial properties which would provide us business growth;
- we have developments near the second Penang Bridge access point, where our developments would likely benefit from the resultant increased economic and social activities;
- we have on-going and future projects till 2016 with estimated total GDV of RM1.26 billion to provide business continuity, growth and success;
- we operate in a relatively large property development market where the value of total property transactions in Malaysia amounted to RM81.0 billion in 2009, which will provide us with significant growth opportunities;
- we maintain minimal bank borrowings, which will provide us with ease of raising new financing for future developments if the need arises and reduce our financial risks; and
- we maintain a good track record of completing our projects within the expected periods, which will provide confidence to buyers and establish our Group as a reliable property developer with a proven track record.

Please refer to Section 6.2.3 of this Prospectus for the details.

Future plans to provide sustainable growth

We have in place a sound business and expansion plan for moving forward. Our future plans are focused on property development projects in Penang, including the following:

- Pearl Garden;
 - Pearl Villas 1
 - Pearl Villas 2
 - Pearl Residence 1
 - Pearl Residence 2
 - Pearl Residence 3
- Capri Park;
- Tanjung Heights;
- BM Residence; and
- Taman Bukit Residence.

Our future plans would provide us with the platform to grow our business.

6. BUSINESS OVERVIEW

Industry outlook

Our business prospects are also dependent on the general economy as well as the outlook of the Property Development Industry in Malaysia.

Economic conditions in Malaysia in 2010 has shown to be better than 2009 as indicated below:

- While real GDP for 2009 was -1.7%, real GDP for 2010 is projected to grow by an estimated 7.0%; and
- The real GDP of the construction industry is estimated to grow by 4.9% in 2010.

Looking forward into 2011, the Government of Malaysia has forecasted continuing growth as follows:

- Real GDP growth is forecasted at between 5% and 6%; and
- Real GDP growth for the construction industry is forecasted at 4.4%.

Improved economic conditions will help sustain as well as provide growth for operators within the Property Development Industry.

The following observations provide some indication of the trends for the Property Development Industry:

- The number of new sales and advertising permits for properties in the first three quarters of 2010 increased by 4.2% compared to the corresponding period in 2009. However, the number of new sales and advertising permits for properties in the third quarter of 2010 decreased by 35.0% compared to the previous quarter and declined by 26.2% compared to the same quarter in 2009.
- Housing approvals in the first three quarters of 2010 increased by 6.1% compared the corresponding period in 2009. However, housing approvals in the third quarter of 2010 decreased by 36.0% compared the previous quarter and declined by 6.1% compared to the same quarter in 2009.

In addition, various initiatives undertaken by the Malaysian Government would benefit operators in the Property Development Industry. Some of these initiatives are listed as follows:

- On-going development of the five regional economic corridors – Iskandar Malaysia, Northern Corridor Economic Region, East Coast Economic Region, Sabah Development Corridor and Sarawak Corridor – signals a potential growth in the economy and the property market in these regions.
- According to the latest Budget 2011, the Government will introduce a scheme to guarantee a down payment of 10% for houses below RM220,000 for first-time buyers with household income of less than RM3,000 per month.
- In addition, stamp duty exemption of 50% on instruments of transfer on a house price not exceeding RM350,000 will also be given to first-time house buyers.

(Source: Independent Assessment of the Property Development Industry prepared by Vital Factor Consulting Sdn Bhd)

Flow-ou benefits from the second Penang Bridge

The on-going development of the second Penang Bridge, an initiative of the Malaysian Government along with the Penang State Government, is expected to provide further impetus for growth in the state of Penang. This is expected to have a positive spill over effects to the Property Development Industry in Penang.

6. BUSINESS OVERVIEW

Upon completion, the surrounding areas, notably Batu Kawan and Batu Maung, are expected to register an increase in local and foreign investments together with a workforce of professionals and skilled people. These factors would stimulate demand for residential and commercial properties in the surrounding areas and the state of Penang. This would augur well for property developers in Penang, and especially near the access points to the second Penang Bridge.

The second Penang Bridge is expected to further reduce travelling time between Penang Island and Penang Mainland. This may encourage purchases of properties in mainland Penang, where the prices of properties are generally lower compared to similar properties in Penang Island. This would benefit property developers in Penang Mainland.

(Source: Independent Assessment of the Property Development Industry prepared by Vital Factor Consulting Sdn Bhd)

Qualified and experienced management team

We have a management team with qualified and experienced personnel to lead and manage our business operations. Our Managing Director, Ir. Teh Kiak Seng is a qualified civil engineer with approximately 30 years of experience in the property development industry. Our Executive Directors, Mr Thaw Yeng Cheong is a qualified architect with over 25 years of experience and Ms Teh Theng Theng is a qualified accountant with over 15 years of experience in the property development industry. In addition, our key management also include qualified accountants, qualified civil engineers, qualified building construction management personnel, and experienced sales and marketing personnel.

Our management team of qualified and experienced personnel is beneficial for our Group's business operations, future growth and sustainability.

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7. PROPERTIES, PLANT AND EQUIPMENT

7.1 LANDED PROPERTIES

7.1.1 Properties held for investment

A summary of the information on properties held for investment by Langstone are as follows:

No	Property identification/ Location	Registered owner	Tenure	Description & existing use	Category of land use	Land/ Built-up area (sq. metres)	Encumbrance	Date of issuance of CF	NBV @ 31.12.2009 (RM'000)	(1)PV @ 30.06.2010 (RM'000)	(2)Date of valuation/ Market value (RM'000)	(3)Valuation surplus/ (deficit) (RM'000)	Monthly rental for leased properties (RM)
Land & Building													
1.	No. 4939 Jalan Siram 12100 Butterworth Pulau Pinang	Langstone	Freehold	3 ½ -storey terrace light industrial building	NA	154/ 471.93	Nil	4 July 1994	417	670	30.06.2010 / 670	253	-
2.	No.6, Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang	Langstone	Freehold	3-storey terrace shop office	Building	153/ 459.12	Nil	30 Dec 1998	550	640	30.06.2010 / 640	90	2,500
Apartment/Condominium													
3.	No. 10-02 Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth Pulau Pinang	Langstone	Freehold	3-bedroom penthouse	NA	NA/139	Nil	26 Nov 1996	118	250	30.06.2010 / 250	132	1,000
4.	No. 10-12 Pangsapuri Pantai Jalan Wisma Pantai 1 12200 Butterworth Pulau Pinang	Langstone - Note (4)	Freehold	3-bedroom penthouse	NA	NA/139	Nil	26 Nov 1996	202	250	30.06.2010 / 250	48	-
5.	18-10-03 Scotland Villa Medan Lumba Kuda 10450 Pulau Pinang	Langstone	Freehold	4-bedroom condominium	NA	NA/199	Nil	10 Dec 2004	432	840	30.06.2010 / 840	408	4,000

7. PROPERTIES, PLANT AND EQUIPMENT

No	Property identification/ Location	Registered owner	Tenure	Description & existing use	Category of land use (sq. metres)	Land/ Built-up area	Date of issuance of CF	NBV @ 31.12.2009 (RM'000)	(1)PV @ 30.06.2010 (RM'000)	(2)Date of valuation/ Market value (RM'000)	(3)Valuation surplus/ (deficit) (RM'000)	Monthly rental for leased properties (RM)
Office-Lot												
6.	No. 1-03, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Langstone	Freehold	An office lot	NA	NA/147	26 Nov 1996	151	270	30.06.2010 / 270	119	2,300
7.	No. 1-04, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Langstone	Freehold	An office lot	NA	NA/125	26 Nov 1996	129	230	30.06.2010 / 230	101	2,000
8.	No. 7-04, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Langstone	Freehold	An office lot	NA	NA/145	26 Nov 1996	149	280	30.06.2010 / 280	131	Note (5)
9.	No. 7-05, Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Langstone	Freehold	An office lot	NA	NA/120	26 Nov 1996	120	230	30.06.2010 / 230	110	Note (5)
10.	No. 12-01, 12-02 & 12A-01, and 7-06 Wisma Pantai Jalan Wisma Pantai 12200 Butterworth Pulau Pinang	Langstone	Freehold	3 penthouse office lots together with 6 levels of multi-storey covered car parks, and 1 new office lot	NA	NA/7,049 Note (6)	26 Nov 1996	1,314	4,850	30.06.2010 / 4,850	3,536	Note (5)
Total								3,582	8,510	8,510	4,928	52,652

7. PROPERTIES, PLANT AND EQUIPMENT

Notes:

- (1) *In accordance with the FRS 140 for Investment Property, a FY model is applied.*
- (2) *This is on update from the previous valuation as at 28 February 2010.*
- (3) *The valuation surpluses(deficits) which have not been recognised in the financial statements of Langstone for the FYE 31 December 2009 were derived by taking the difference between the NBV as at FYE 31 December 2009 and the market value of the respective properties as at 30 June 2010.*
- (4) *The registered owner has been changed from IJM Corporation Berhad to Langstone on 9 September 2010.*
- (5) *Details of the monthly rental for the respective units are as follows:*

<i>Unit No.</i>	<i>RM</i>
<i>No. 12-01</i>	<i>6,100</i>
<i>No. 12-02</i>	<i>5,692</i>
<i>No. 12A-01</i>	<i>3,460</i>
<i>No. 7-04, 7-05 and 7-06</i>	<i>25,600</i>
<i>Total</i>	<i>40,852</i>

- (6) *The breakdown of the built-up area is as follows:*

<i>Unit No.</i>	<i>Built-up area (sq. metres)</i>
<i>No. 12-01 & 12-02</i>	<i>683</i>
<i>No. 12A-01</i>	<i>195</i>
<i>No. 7-06</i>	<i>771</i>
<i>6 Levels of Multi-Storey Car Parks</i>	<i>5,400</i>
<i>Total</i>	<i>7,049</i>

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7. PROPERTIES, PLANT AND EQUIPMENT

7.1.2 Properties held for development

A summary of the information on properties held for development of our Group are as follows:

No	Property identification/ Location	Registered owner	Tenure	Description & existing land use	Category of land use (Acre)	Land area (Acre)	Encumbrance	NBV @ 31.12.2009 (RM'000)	(11)NBV @ 30.06.2010 (RM'000)	(14) Date of valuation/ Market value (RM'000)	(15) Valuation surplus/ (deficit) (RM'000)
On-going developments											
1.	Lots 2377, 2380, 2384-2386, 2388-2390, 2395, 2402, 2405, 2407, 2409, 2412, 2419, 2424-2426, 2428, 2433, 2436-2437, 2450-2452, 2454-2456, 2459, 2467, 2471-2472, 2478, 2485, 2488-2489, 2494, 2500-2501, Mukim 12 Seberang Perai Tengah Pulau Pinang ⁽¹⁾ (Juru Heights, Juru)	Juru Heights	Freehold	39 bungalow lots	NA	4.04 ⁽¹⁾	Nil	10,225	7,305	30.06.2010 / 7,300	(5)
2.	Lot 8751 (GRN No. 73118), Mukim 15 Seberang Perai Selatan Pulau Pinang (Pearl Garden, Jalan Tasek Mutiara 1, Simpang Ampat)	Tambun Indah Development	Freehold	A parcel of development land partly approved for 6 units of bungalows, 102 units of semi-detached and 338 units of terrace houses	NA	67.90	Note (4)	32,089	37,440	30.06.2010 / 45,200	7,760
3.	Lot 535, 1081 & 1828 (GM Nos. 408, 456 & 460), Mukim 14, Seberang Perai Utara Pulau Pinang (Carissa Park, Julian Bagan Lallang, Bagan Lallang)	Zipac	Freehold	3 parcels of development land approved for 144 units of condominium	Building (Lot 1828 only)	2.73	Note (5)	3,898	3,678	30.06.2010 / 4,410	732

7. PROPERTIES, PLANT AND EQUIPMENT

No	Property identification/ Location	Registered owner	Tenure	Description & existing land use	Category of land use (Acre)	Land area (Acre)	Encumbrance	NBV @ 31.12.2009 (RM'000)	(13)NBV @ 30.06.2010 (RM'000)	(14) Date of valuation/ Market value (RM'000)	(15) Valuation surplus/ (deficit) (RM'000)
4.	Lot 375 (GRN No. 30881), Seksyen 4 Bandar Butterworth Seberang Perai Utara Pulau Pinang (Dahlia Park, Jalan Kampung Benggali, Butterworth)	Cenderaman	Freehold	A parcel of development land planned for 14 storey condominium and 2 storey shop offices	NA	2.23	Nil	2,713	3,555	30.06.2010 / 3,300	(255)
5.	Lot 1785 & 1790 Mukim 14 (GM Nos. 507 & 511) Seberang Perai Tengah Pulau Pinang (Impian Residence, Jalan Impian Indah, Alma, Bukit Mertajam)	CBD Land	Freehold	2 adjoining lots of development land approved for double storey semi-detached and double storey terrace houses	Building	10.09	Nil	2,189 ⁽¹¹⁾	4,731	30.06.2010 / 6,160	1,429
Future Developments											
1.	Lot 195 (GRN No. 41160), Seksyen 3 Bandar Butterworth Seberang Perai Utara Pulau Pinang (Tanjung Height, Jalan Bunga Tanjung, Raja Uda)	Intanasia	Freehold	A parcel of development land planned for condominium and 2 and 3 storey shop offices	NA	3.41	Note (6)	- ⁽¹²⁾	5,160	30.06.2010 / 4,800	(360)
2.	Lot 73, 75 & 76 Mukim 10 (GM Nos. 73, 74 & 47) Seberang Perai Tengah Pulau Pinang (Jalan Manggis Indah, Bukit Mertajam)	TID Development	Freehold	3 adjoining lots of development land planned for 9 storey condominium, double storey semi-detached, double storey detached and 3 storey terrace houses	NA	5.15	Note (7)	- ⁽¹²⁾	5,904	30.06.2010 / 5,630	(274)

7. PROPERTIES, PLANT AND EQUIPMENT

No	Property identification/ Location	Registered owner	Tenure	Description & existing land use	Category of land use (Acre)	Land area (Acre)	Encumbrance	NBV @ 31.12.2009 (RM'000)	⁽¹³⁾ NBV @ 30.06.2010 (RM'000)	⁽¹⁴⁾ Date of valuation/ Market value (RM'000)	⁽¹⁵⁾ Valuation surplus/ deficit (RM'000)
3.	Lot 122 and 1/2 undivided shares on Lot 123 (GM Nos. 114 & 115), Mukim 10 Seberang Perai Tengah Pulau Pinang (Jalan Bukit Kescil 1, Off Jalan Sung Ban Kheng, Bukit Mertajam)	Denmas Development	Freehold	A parcel of development land planned for 10 storey condominium	NA	3.96 ⁽¹⁾	Note (8)	- ⁽¹²⁾	5,286	30,06,2010 / 5,000	(286)
4.	Lot 627 & 630 Seksyen 4 (GRN 33236 & 33238) Bandar Butterworth Seberang Perai Utara Pulau Pinang (Jalan Kampung Benggali, Butterworth)	Hong Hong	Freehold/ Perpetuity	2 parcels of land for future development	NA	1.52	Note (9)	1,104	1,108	30,06,2010 / 1,080	(28)
5.	Lots 114, 1067 and 8750 (GRN 44612, GM 356 & GRN 73117), Mukim 15 Seberang Perai Selatan Pulau Pinang (Jalan Tasek Mucitara 1, Simpang Ampat)	Pembangunan Mutiam	Freehold	A parcel of development land for future development	NA	84.00	Note (10)	- ⁽¹²⁾	40,249	30,06,2010 / 38,320	(1,929)
Total						185.03			114,416	121,200	6,784

Notes:

- GRN Nos. 106452-106453, 106455-106456, 106459-106461, 106463-106465, 106470, 106475, 106477, 106480-106484, 106487-106492, 106494, 106499-106501, 106503, 106505-106508, 106511-106512, 106522-106523, 106525-106527, 106529-106531, 106534, 106541-106548, 106553-106554, 106560, 106563-106564, 106569, 106575-106576.
- Represents unsold bungalow lots total land area as at 30 June 2010.
- Represents the land area of Lot 122 and 1/2 undivided shares on Lot 123, Mukim 10, Seberang Perai Tengah, Pulau Pinang.
- Currently charged to Malayan Banking Berhad and a caveat has been lodged into this title by Malayan Banking Berhad.
- The subject property is charged twice to Malayan Banking Berhad. Other endorsements on the title include 'Permolanan Serahbalik dan Pemberimilikan Semula Tanah'.
- Currently charged to Malayan Banking Berhad. There are 32 units of squatters.
- Currently charged to OCBC Bank (Malaysia) Berhad. A caveat had been lodged into this title by TID Development. There are 63 units of squatters.

7. PROPERTIES, PLANT AND EQUIPMENT

- (8) *A caveat had been lodged into this title by Denmas Development. There are 17 units of squatters on Lot 122 and 10 units of squatters on Lot 123.*
- (9) *There are 9 units of squatters on Lot 627 and 7 units of squatters on Lot 630.*
- (10) *Currently charged to Affin Investment Bank Berhad and Affin Islamic Bank Berhad.*
- (11) *NBY for Lot 1790, Mukim 14, Daerah Seberang Perai Tengah is not available as the property was purchased in February 2010.*
- (12) *Not available as the property was purchased in 2010.*
- (13) *In accordance with the FRS 140 for Investment Property, the NBY will assume the latest market value valuation.*
- (14) *This is an update from the previous valuation as at 28 February 2010.*
- (15) *Valuation surplus arises from the difference between the NBY as at 30 June 2010 of the respective property with the market value. The valuation surplus/(deficit) have not been recognised in the financial statements of the respective Subsidiaries for the FPE 30 June 2010 in accordance with FRS 201 Property Development Activities.*

In addition to the above, as at the LPD, our Group has an option to acquire Parcel C under an option agreement entered into with Pembangunan Mutiara as follow:

No	Property identification/Location	Registered owner	Land area (Acre)
1.	Lot 8749, 8748, 1445, 1433 & 1428, Seberang Perai, Pulau Pinang - Parcel C, Pearl Garden (A parcel of development land located at Simpang Ampat)	Pembangunan Mutiara	101.82

Our Group had on 9 September 2010 satisfied the balance of the purchase consideration for the acquisition of Lot 1032 (New Lot 3620). Hence, the said land acquisition was deemed completed on even date. The details of the land acquisition are as follows:

No.	Property identification/Location	Registered owner	Date of acquisition	Land area (Acre)	Purchase consideration (RM)
1.	Lot 1032 (New Lot No. 3620), Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang (A parcel of development land located along Jalan Heng Choon Tian)	Jasnia	15 May 2010	2.70	3,529,480

7.2 MAJOR PLANT AND EQUIPMENT

There are no major plant and equipment used by our Group.

7.3 REGULATORY REQUIREMENT AND ENVIRONMENTAL ISSUES

As at the LPD, our Group has not experienced any regulatory requirement and environmental issue which may materially affect our Group's operations and utilisation of assets.

8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

8.1 COMPLETED PROJECTS

A summary of the information on completed projects of our Group as at the LPD are as follows:

Project name/Location	Developer	Acres	Type of development	Total units launched	Total units sold	GDV (RM'mil)	Month/Year of commencement	Month/Year of completion
Taman Tambun Indah	Tambun Indah SB	98.60	3-storey shop office	9	9	3.02	September 1997	September 1998
Lot 258, 215, 956-966, Mukim 14, Seberang Perai Selatan			3-storey shop office	15	15	4.85	October 2004	December 2005
			2-storey shop office	77	77	19.18	July 1995	April 1998
			2-storey semi-detached	44	44	11.60	June 1996	June 1998
			Bungalow land	287	287	42.97	April 1995	June 1997
			Low cost flat	158	158	3.95	December 1996	June 1998
			2-storey terrace house	64	64	11.19	January 2002	July 2003
			2-storey terrace house	19	19	3.51	August 2003	October 2004
			2-storey terrace house	55	55	9.44	June 2002	January 2004
			2-storey terrace house (Phase IV)	18	18	4.22	May 2007	February 2008
			Total	746	746	113.93		

8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

Project name/Location	Developer	Acres	Type of development	Total units launched	Total units sold	GDV (RM'mil)	Month/Year of commencement	Month/Year of completion
Taman Tambun Indah-Bungalow Phase 2	Perquest	3.20	Bungalow land	18	18	2.29	May 2002	March 2004
Lot 471, Mukim 14, Seberang Perai Selatan								
Scotland Villas	Denmas	2.30	Condominium	80	80	43.80	March 2002	November 2004
Lot 2071, Daerah Timur Laut, Penang			Car park lots	-	-	0.85		
			3-storey terrace house	17	17	11.53	April 2002	November 2004
Total				97	97	56.18		
Taman Tambun Emas-Phase I	Epiland	7.40	2-storey terrace house	108	108	20.23	April 2005	July 2006
Lot 290, 596 & 860, Mukim 14, Seberang Perai, Selatan			2-storey semi-detached	6	6	1.36	April 2005	July 2006
			2-storey bungalow	2	2	0.69	December 2005	July 2006
Total				116	116	22.28		
Taman Tambun Emas-Phase II	Perquest	2.70	3-storey terrace house	40	40	10.62	April 2007	June 2008
Lot 7309 (formerly known as Lot 861), Mukim 14, Seberang Perai Selatan			2-storey semi-detached	4	4	1.33	May 2007	June 2008
Total				44	44	11.95		

8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

Project name/Location	Developer	Acres	Type of development	Total units launched	Total units sold	GDV (RM'mil)	Month/Year of commencement	Month/Year of completion
Taman Seri Tambun-Phase I Lot 2947-2950, Mukim 14, Seberang Perai Selatan	Perquest	9.60	2-storey terrace house	128	128	19.87	July 2002	June 2004
Taman Seri Tambun-Phase II	Epiland	4.00	3-storey terrace house	52	52	12.03	December 2005	February 2007
Lot 2951 & 2952, Mukim 14, Seberang Perai Selatan	Intanasia	8.07	2-storey semi-detached	10	10	4.52	November 2006	July 2008
Casa Impian I Lot 1444, Mukim 14, Seberang Perai Utara	Jasnia	3.09	2-Storey terrace house	29	29	9.54	January 2008	December 2009
Casa Impian II Lot 1445, Mukim 14, Seberang Perai Utara	Jasnia	3.09	3-storey terrace house	25	25	9.23	January 2008	December 2009
			Total	123	123	40.27		
			Total	54	54	18.77		

8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

Project name/Location	Developer	Acres	Type of development	Total units launched	Total units sold	GDV (RM'mil)	Month/Year of commencement	Month/Year of completion
Juru Heights-Phase I Lot 1202 & 1439, Mukim 12, Seberang Perai Tengah	Juru Heights	53.96	2-storey shop office 3 -storey terrace house	27 101	26 101	7.53 32.97	December 2006 February 2007	December 2008 February 2009/April 2009/July 2009
			2-storey terrace house	252	251	63.65	December 2006	December 2008/ February 2009
			2/3-storey bungalow (Phase 1)	129	129	63.59	December 2006	April 2009/ June 2009
			Low cost flat	215	215	7.85	September 2007	December 2008/April 2009
			Total	724	722	175.59		
Palm Villas Lot 3031 (formerly known as Lot 196 & 197), Seksyen 2, Seberang Perai Utara	Hong Hong	11.09	3-storey terrace house	148	148	60.81	March 2007	April 2009

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8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

Project name/Location	Developer	Acres	Type of development	Total units launched	Total units sold	GDV (RM'mil)	Month/Year of commencement	Month/Year of completion
Casa Permai	Perquest	7.12	2-storey semi detached	26	25	9.51	August 2008	May 2010
Lot 7338 (formerly known as Lot 1002), Mukim 14, Seberang Perai Selatan			Bungalow	6	4	3.21	August 2008	May 2010
Land owner: Perquest			3-storey terrace house	18	18	5.27	August 2008	May 2010
			2-storey terrace house	36	34	8.79	August 2008	May 2010
			Total	86	81	26.78		
Seri Palma	Hong Hong	0.95	2-storey shop office	3	3	1.80	May 2009	October 2010
Lot 195, Seksyen 2, Seberang Perai Utara			2-storey semi-detached	6	5	2.80	May 2009	October 2010
Land owner: Hong Hong			Total	9	8	4.60		
Total		212.08		2,345	2,337	565.35		

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8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

8.2 ON-GOING PROJECTS

A summary of the information on on-going projects of our Group as at the LPD are as follows:

Project name/ Location/Land owner	Developer	Acres	Type of development	Total units for sale	Total units sold	Estimated GDV (RM'mil)	Month/Year of commencement	Expected month/year of completion
Juru Heights-Phase II Lot 1202 & 1439, Mukim 12, Seberang Perai Tengah Land owner: Juru Heights	Juru Heights	27.29	2/3 -storey bungalow (Phase II)	128	108	79.53	June 2008	January 2011
Carissa Park Lot 535, 1081, 1828, Mukim 14, Seberang Perai Utara Land owner: Zipac	Zipac	2.73	Apartment	144	123	25.93	November 2009	December 2011
Pearl Garden-Phase A1A Part of Lot 8751, Mukim 15, Seberang Perai Selatan Land Owner: Tambun Indah Development	Tambun Indah Development	17.66	2-storey bungalow Semi-detached 2-storey terrace house	4	4	2.28	November 2009	November 2011
				66	62	24.76	November 2009	November 2011
				105	94	27.88	November 2009	November 2011
			Total	175	160	54.92		

8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

Project name/ Location/Land owner	Developer	Acres	Type of development	Total units for sale	Total units sold	Estimated GDV (RM'mil)	Month/Year of commencement	Expected month/year of completion
Pearl Garden-Phase A1B	Tambun Indah Development	10.64	2-Storey bungalow	2	-	1.10	March 2010	December 2011
Part of Lot 8751, Mukim 15, Seberang Perai Selatan			Semi-detached	32	21	12.35	March 2010	December 2011
Land owner: Tambun Indah Development			2-storey terrace house	99	88	26.45	March 2010	December 2011
			Total	133	109	39.90		
Pearl Garden-Phase A2								
Part of Lot 8751, Mukim 15, Seberang Perai Selatan	Tambun Indah Development	8.74	2-storey semi detached	4	-	1.60	July 2010	August 2012
Land owner: Tambun Indah Development			2-storey terrace house	134	72	37.85	July 2010	August 2012
			Total	138	72	39.45		
Dahlia Park	Cenderaman	2.23	Condominium	134	-	33.80	End November 2010	June 2013
Lot 375, Seksyen 4, Bandar Butterworth, Seberang Perai Utara			2-storey shop office	12	7	8.29	November 2010	June 2013
Land owner: Cenderaman			Total	146	7	42.09		

8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

Project name/ Location/Land owner	Developer	Acres	Type of development	Total units for sale	Total units sold	Estimated GDV (RM'mil)	Month/Year of commencement	Expected month/year of completion
Impian Residence	CBD Land	10.09	2-storey scmi-detached	32	-	13.14	November 2010	June 2012
Lot 1785 & 1790, Mukim 14, Seberang Perai Tengah	.		2-storey terrace house	100	10	27.68	November 2010	June 2012
Land owner CBD Land			Total	132	10	40.82		
TOTAL		79.38		996	589	322.64		

8.3 FUTURE PROJECTS

A summary of the information on future projects of our Group as at the LPD are as follows:

Project name/ Location/Land owner	Developer	Acres	Type of development	Total projected units	Estimated GDV (RM'mil)	Expected month/year of commencement	Expected month/year of completion
Pearl Garden-Pearl Villas 1	Tambun Indah Development	15.98	2-storey bungalow	13	7.54	January 2011	December 2012
Part of Lot 8751, Mukim 15, Seberang Perai Selatan			2-storey terrace house	63	17.64	January 2011	December 2012
Land owner: Tambun Indah Development			2-storey semi-detached	92	35.42	January 2011	December 2012
			Total	168	60.60		

8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

Project name/ Location/Land owner	Developer	Acres	Type of development	Total projected units	Estimated GDV (RM'mil)	Expected month/year of commencement	Expected month/year of completion
Tanjung Heights	Intanasia	3.41	Condominium	148	36.65	March 2011	September 2013
Lot 195, Seksyen 3 Bandar Butterworth Seberang Perai Utara			2-storey shop office	17	15.51	March 2011	September 2013
Land owner: Intanasia			Total	165	52.16		
BM Residence	TID	5.15	Condominium	110	22.69	March 2011	December 2012
Lot 73, 75 & 76, Mukim 10, Seberang Perai Tengah	Development		Semi-detached	8	3.84	March 2011	December 2012
			Bungalow	1	0.60	March 2011	December 2012
Land owner: TID Development			3-storey terrace house	29	12.12	March 2011	December 2012
			Total	148	39.25		
Pearl Garden--Pearl Villas 2	Tambun Indah	14.88	2-storey bungalow	6	3.60	August 2011	July 2013
Part of Lot 8751, Mukim 15, Seberang Perai Selatan	Development						
			2-storey terrace house	89	27.15	August 2011	July 2013
Land owner: Tambun Indah Development			2-storey semi-detached	72	28.80	August 2011	July 2013
			Total	167	59.55		

8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

Project name/ Location/Land owner	Developer	Acres	Type of development	Total projected units	Estimated GDV (RM'mil)	Expected month/year of commencement	Expected month/year of completion
Pearl Garden-Pearl Residence 1	Tambun Indah Development	46.38	2-storey bungalow	312	188.36	January 2012	January 2014
Part of Lot 8750, 114 and Lot 1067, Mukim 15 Seberang Perai Selatan							
Land owner: Pembangunan Mutiara*							
Taman Bukit Residence	Denmas Development	3.08	3-storey terrace house	54	24.30	March 2012	March 2014
Lot 122, Mukim 10 Seberang Perai Tengah							
Land owner: Denmas Development							
Capri Park	Jasnia	2.70	Apartment	148	31.52	May 2012	September 2014
Lot 3620 (old lot 1032), Seksyen 4, Bandar Butterworth, Seberang Perai Utara			2-storey shop office	7	4.55		
Land owner: Jasnia							
			Total	155	36.07		

8. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

Project name/ Location/Land owner	Developer	Acres	Type of development	Total projected units	Estimated GDV (RM mil)	Expected month/year of commencement	Expected month/year of completion
Pearl Garden-Pearl Residence 2	Tambun Indah Development	37.62	2-storey bungalow	178	107.02	January 2013	January 2015
Part of Lot 8750, 114 and Lot 1067, Mukim 15 Seberang Perai Selatan							
Land owner: Pembangunan Mutiaara*							
Pearl Garden-Pearl Residence 3	Tambun Indah Development	101.82	2-Storey bungalow	502	315.49	January 2014	December 2016
Lot 8749, 8748, 1445, 1433 and 1428, Mukim 15 Seberang Perai Selatan			2-storey semi-detached	124	51.46	January 2014	December 2016
Land owner: Pembangunan Mutiaara*							
TOTAL		231.02	Total	626	366.95		
				1,973	934.26		

Note:

* Pending completion of the sales and purchase agreement.

9. **INDUSTRY OVERVIEW**



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

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13 December 2010

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

Dear Sirs and Madam

Independent Assessment of the Property Development Industry

The following is the independent assessment of the Property Development Industry in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the Prospectus of Tambun Indah Land Berhad (herein together with all its subsidiaries will be referred as Tambun Indah Group or the Group) in relation to its listing on the Main Market of Bursa Malaysia Securities.

1. BACKGROUND OF TAMBUN INDAH GROUP

- The principal business of Tambun Indah Group is in Property Development.
- As most of Tambun Indah Group's developments are located in Seberang Perai, Penang, this report will provide some focus on the Property Development Industry in Penang and Seberang Perai.
- Tambun Indah Group's focus of its property development is on residential properties followed by commercial properties. As such, this assessment will also focus on the residential and commercial sectors of the overall Property Development Industry in Malaysia.

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2. ECONOMIC PERFORMANCE OF MALAYSIA

2.1 Economy

- The performance of the Malaysian economy has a direct impact on businesses operating in Malaysia. A growing economy will provide the basis for business growth.

- Malaysia's real GDP has been growing every year from 2005 to 2008. The Malaysian economy registered a growth of 4.7% in 2008, amidst the international financial turmoil and sharp deterioration in the global economic environment. Robust domestic demand, in particular private consumption and strong public spending, supported the growth during the year.

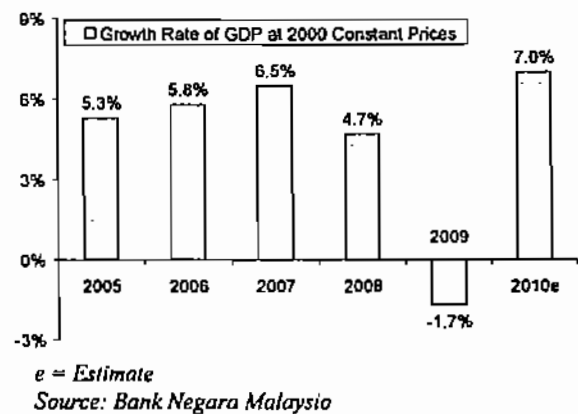


Figure 1. Real GDP Growth

- While external demand was strong in the first half of 2008, the sharp and rapid deterioration in the global economic conditions as well as major correction in the commodity prices in the second half led to a contraction in Malaysia's export performance in the latter part of the second half of the year.
- As for 2009, Malaysia's real GDP for the first quarter contracted by 6.2% compared to the same period in the previous year, however the implementation of fiscal stimulus measures by the Malaysian Government has led to the subsequent recovery in the second half of 2009. Overall, Malaysia's real GDP for 2009 contracted moderately by 1.7%.
- The Malaysian economy registered a real GDP growth of 5.3% in the third quarter of 2010, which was low, compared to first and second quarters in 2010. The growth was driven by expansion in domestic demand, which was mainly supported by private sector spending. At the same time, the slowdown in the global economy also led to a slowdown in external demand. Overall, real GDP for 2010 is projected to grow by an estimated 7.0%.

(Source: Bank Negara Malaysia)

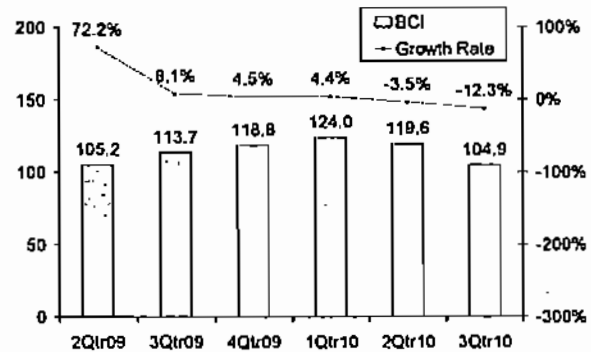
2.2 Business Condition Index

- The level of confidence of the Malaysian economy within the business community provides an indication of the robustness and likely trend of business activities in Malaysia. A strong business confidence level is expected to boost economic activities that will benefit businesses in Malaysia.

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- During the second quarter of 2009, the BCI registered a strong growth of 72.2% to reach 105.2 points. The surge suggested a significant improvement in the overall business conditions in Malaysia.
- By the third quarter of 2009, the BCI continued to grow by 8.1% to reach 113.7 points, indicating an expansionary mode in the manufacturing sector. Domestic demand for Malaysia's manufactured goods has started to recover whilst external demand has also seen improvement albeit at a slower pace.
- The BCI continued to grow by 4.5% to reach 118.8 points by the fourth quarter of 2009. The manufacturing sector continued to improve with expected increases in export sales and local sales.
- In the first quarter of 2010, the BCI grew further by 4.4% to reach 124.0 points. The growth is attributable to the continued increase in domestic order, expected production and expected export sales.
- During the second quarter of 2010, the BCI decreased by 3.5% to 119.6 points since it started trending upwards in the first quarter of 2009. The decline implied that the domestic manufacturing sector is expanding slower compared to the previous quarters.
- In the third quarter of 2010, the BCI decreased by 12.3% to 104.9 points. However, it remains above the 100-point threshold, indicating that the sector is still on an expansionary mode. The decline implied the sector is still expanding though at a considerably slower pace relative to the second quarter.



Source: Malaysian Institute of Economic Research

Figure 2. Business Condition Index

(Source: Malaysian Institute of Economic Research)

2.3 Consumer Sentiment Index

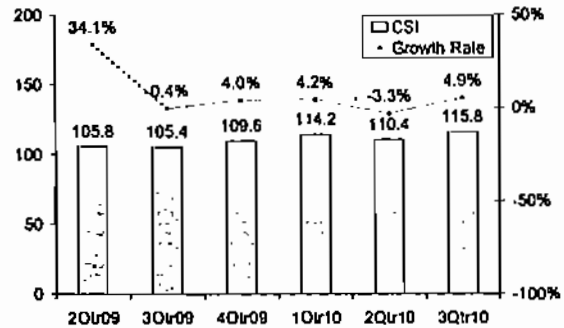
- As a key target market for properties is the general consumer, the level of consumer confidence of the economy will impact on their spending and investment patterns. A high consumer confidence level indicates increased consumer spending that will benefit businesses in Malaysia.

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- After the CSI fell below the benchmark of 100 points for three consecutive quarters, the CSI gained 26.9 points in the second quarter of 2009 to reach 105.8 points. This was contributed by higher employment opportunities, which improved household finances, and the expectations of increases in household income in the future.



Source: Malaysian Institute of Economic Research

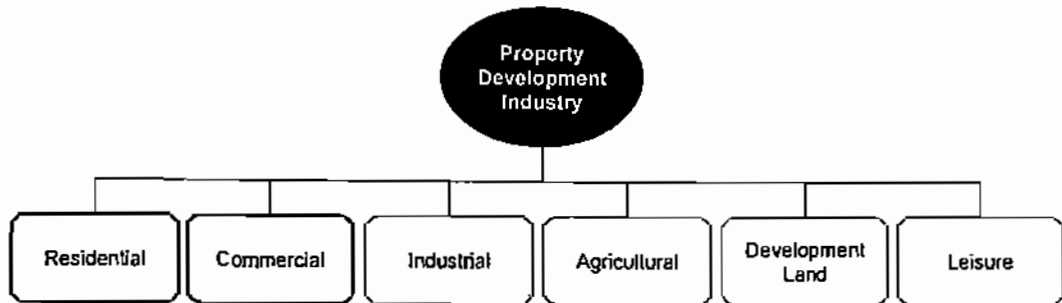
Figure 3. Consumer Sentiment Index

- In the fourth quarter of 2009, the CSI increased by 4.0% to 109.6 points compared to the third quarter of 2009. Consumers continued to remain optimistic, albeit cautiously. Favourable current and expected finances, and employment expectations contributed to the growth in the CSI.
- The CSI registered a growth of 4.2% to reach 114.2 points in the first quarter of 2010. The growth is attributable to the continued improvement in current and expected finances, and employment expectations.
- The CSI decreased by 3.3% to 110.4 points in the second quarter of 2010. The decline could be due to customers' concerns over inflationary pressures caused by subsidy removal plans, which are in the pipeline.
- In the third quarter of 2010, the CSI grew by 4.9% to reach 115.8 points. Households are feeling better about their present situation with even higher expectation for the near term especially in the employment expectations, indicating that the economy is well on the mend.

(Source: Malaysian Institute of Economic Research)

3. INDUSTRY STRUCTURE

- The Property Development Industry is broadly segmented into the following six sectors:



Tambun Indah Group operates within these sectors

Figure 4. Structure of Property Development Industry

9. INDUSTRY OVERVIEW

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- Tambun Indah Group operates within the residential and commercial property sectors under the total umbrella of property development. Thus, the focus of this industry will be on the residential and commercial properties.
- Residential properties are segmented into the following according to the cost of construction:
 - Terraced house
 - . Single storey low-cost
 - . Single storey standard
 - . Double storey low-cost
 - . Double storey medium-cost/economy
 - . Double storey standard
 - . 2 to 3 Storeys

(The above are subdivided by reference to the number of storeys and cost of construction)
 - Semi-detached
 - . Low-cost
 - . Medium-cost
 - . Single storey
 - . Double storey
 - . 2 to 3 storeys

(The above are subdivided by reference to the number of storeys and cost of construction)
 - Detached
 - . Single storey within housing estate
 - . Double storey within housing estate
 - . Individually-designed
 - Flat/apartment/condominium
 - . Low-cost flat
 - . 1 – 2 bedrooms (standard and luxury types)
 - . 3 bedrooms or more (standard and luxury types)
 - Land for residential development
 - A subdivided lot for one house
 - . Single plot
 - . Small site
- Commercial properties is segmented into the following types:
 - Office
 - . Purpose-built office block
 - . Office space in shophouse
 - Shop and shopping complex
 - . Prewar shop
 - . Post-war shop
 - . Retail lot in shopping complex
 - . Lock-up shop
- Industrial properties comprised the following:
 - Terraced factory/warehouse
 - Semi-detached factory/warehouse

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- Detached factory/warehouse
- Industrial complex – flatted factory
- Industrial site – industrial plot

- Agricultural/rural properties comprised the following:
 - Estate land
 - Forestry
 - Kampung land
 - Rubber
 - Oil palm
 - Paddy
 - Coconut
 - Cocoa
 - Pineapple
 - Orchard
 - Durian
 - Horticulture/vegetable

- Development land is segmented into the following:
 - Residential
 - Commercial
 - Industrial
 - Mixed

(Including land that is not converted or approved for higher use or converted but still not subdivided)

- Leisure properties include:
 - Hotel
 - Motel
 - Resort
 - Recreational park
 - Golf course
 - Marina

(Source: Valuation and Property Services Department, Ministry of Finance)

4. SUPPORTING OPERATIONS OF PROPERTY DEVELOPMENT

- In general, the property development are mainly supported by two major operations:



Figure 5. Supporting Operations of Property Development

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Building and Construction

- Although the building and construction sector is an industry in its own right, it is a key part of the Property Development Industry, whereby building and construction is part of the process of developing the property.
- The Building and Construction Industry, through the use of labour, converts raw materials in the form of building materials, to various forms of buildings and infrastructures.
- There are two distinct types of building and construction activities as depicted in the diagram below:

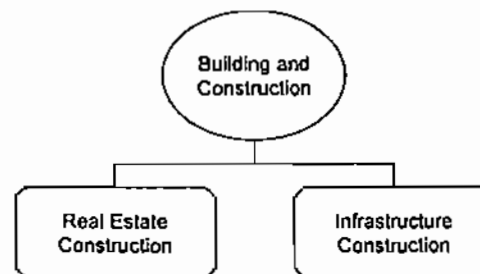


Figure 6. Structure of the Building and Construction Sector

- Real estate constructions are focused on constructing physical buildings for habitation or commercial use.
- Infrastructure constructions are focused on the construction of infrastructures including:
 - roads and highways
 - utilities such as water, sewerage, telecommunications, power and gas
 - major public structures like dams, bridges, airports, ports, railways, sport stadiums and car racing circuits.
- Based on the above, the role of the Building and Construction Industry is very significant to the overall development of the nation.

Supporting Services

- Supporting services that are focused on the building and construction sector include the following:
 - Civil and structural engineering
 - Mechanical and electrical engineering
 - Mineral, mining, soil and geotechnical
 - Quantity surveying
 - Land surveying
 - Landscaping.

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- Some supporting services are also directly relevant to the Property Development Industry. Some of these services include:
 - Town planning
 - Environmental impact consultant
 - Architectural
 - Interior designing
 - Legal
 - Estate valuation
 - Project management
 - Market research
 - Advertising and promotions
 - Real estate sales.

5. INDUSTRY LINKAGES AND CATALYST

- The Property Development Industry has very significant linkages to a wide range of industries. This is depicted in the diagram below:

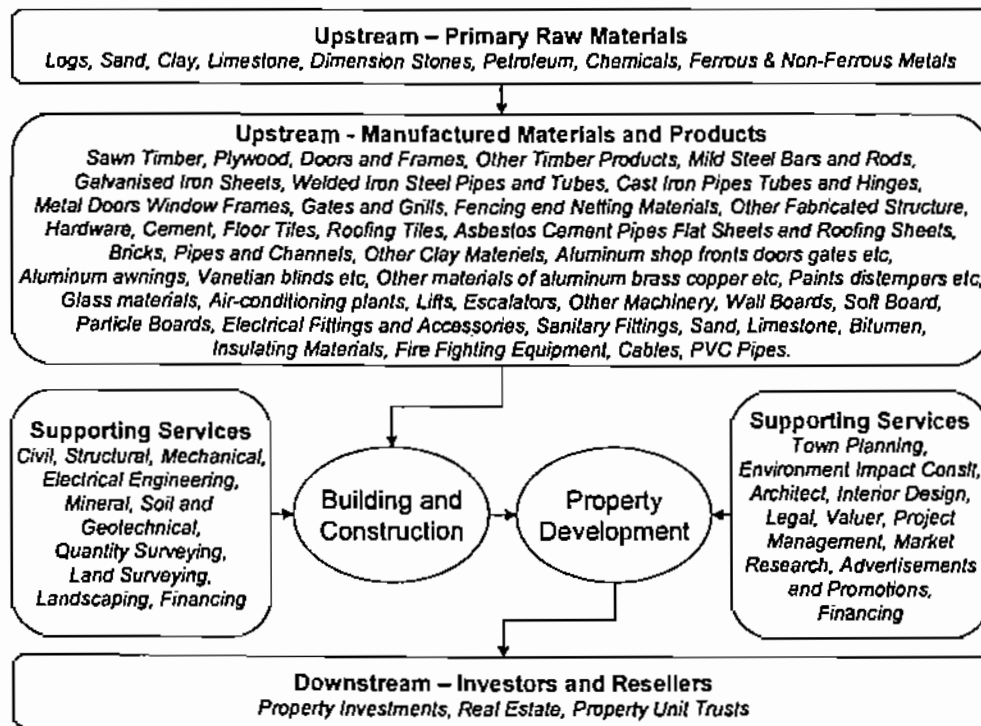


Figure 7. Vertical Structure and Industry Linkages of the Property Development, and Building and Construction Industry

- The extent of the above linkages indicates the pivotal role of the property and construction sector as a catalyst for economic activities for all related industries. In addition, the extensive linkages of the property and construction industries create a significant multiplier effect that serves to fuel economic growth.

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- The depth of linkages is also extensive as it covers the following:
 - extraction of primary raw materials;
 - manufacturing of components and end-products;
 - service-based industries.
- One of the most significant aspects of the contribution to economic growth is the contribution to employment by all industries linked to the property and construction sector. As such, the Property and Construction Industries play a key role in creating wealth for the community through provision of employment.

6. GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES

6.1 Government Legislation and Policies

- The Property Development Industry is regulated at 3 levels of authority:
 - Federal Government
 - State Government
 - Local Government
- The Federal Government regulates on matters such as:
 - control and licensing of developers;
 - protection of environment;
 - formulation of national housing policy;
 - control of foreign investment.
- The State Government has sole jurisdiction over land matters covering
 - issuance of titles;
 - conversion;
 - amalgamation and subdivision;
 - imposition of conditions for foreign ownership of property.
- The Local Government administers all aspects of:
 - building plans approval;
 - building inspection; and
 - provides maintenance service of infrastructure such as roads and street lighting, refuse disposal, etc.
- The principal submitting person (PSP) of a building plan, a professional architect, engineer or building draftsman of the project, is responsible for the issuance of the certificate of completion and compliance (CCC). However, the Local Government may inspect the building site at any time and has the authorities to issue written notice to PSP to rectify any non-compliance or withhold the issuance of CCC until such non-compliance is rectified.
- Before starting any project, the developer is required to obtained from the Ministry of Housing and Local Government:
 - Housing Developer Licence
 - Advertisement and Sales Permit

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- Apart from the above, there are no material government laws, regulations and policies that may impede on the Tambun Indah Group's performance and growth.

Low Cost Housing Policy

- Since 1982, the Malaysian government has imposed a 30% of low cost housing quota as a social obligation by developers to complement the efforts of the government to provide affordable housing for all.
- In Penang, housing developers are required to provide low cost housing as follows:
 - For projects with 100 or more units for the development area in Penang, 30% of the number of units have to be low-cost;
 - For projects with 150 or more units outside the development area in Penang, 30% of the number of units have to be low-cost. This will apply to developments in, among other areas, Seberang Perai.
- In lieu of providing low or medium low-cost housing, housing developers in Penang have the option of paying an amount to be determined for the following, although this has not been in practise as yet:
 - For projects with more than 4 to 99 units for the development area in Penang;
 - For projects with more than 4 to 149 units outside the development area in Penang. This will apply to developments in, among other areas, Seberang Perai.

Allocation of the contribution is based on the size, price, location and type of development.

(Source: Ministry of Housing and Local Government, Department of Town and Country Planning, Penang)

6.2 Housing Developer Licence

- According to Housing Development (Control and Licensing) Act 1966, any housing development undertaken by a housing developer must possess a licence issued by the Ministry of Housing and Local Development.

6.3 Advertisement and Sale Permit

- According to the Housing Development (Control and Licensing) Regulations 1989, any advertisement or sale made by a licensed housing developer must possess an advertisement and sale permit issued by the Ministry of Housing and Local Development.

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6.4 Registration of Contractors

- With effect from 20 July 1995, it is mandatory under Act 520 for all builders, contractors and sub-contractors, whether local or foreign, to register with the Construction Industry Development Board (CIDB) and comply with the provisions of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, before undertaking or executing any construction work in Malaysia.
- The Certification of Registration issued by the CIDB is valid for a minimum period of 1 year and a maximum term not exceeding 3 years, unless cancelled, suspended or revoked earlier by CIDB.
- There are three categories of registration as follows:
 - Building Construction;
 - Civil Engineering Construction;
 - Mechanical and Electrical.
- The scope of registration is further classified into 7 grades and are differentiated by their respective tender capacities:

Grade	Tender Capacity (RM)
G1	Not exceeding 100,000
G2	Not exceeding 500,000
G3	Not exceeding 1 million
G4	Not exceeding 3 million
G5	Not exceeding 5 million
G6	Not exceeding 10 million
G7	No limit

Source: Construction Industry Development Board

Figure 8. CIDB Grade Classification

6.5 Government Incentives

- Currently, there are no specific incentives relating to the Property Development Industry.

6.6 Trademarks

- Under the Trade Mark Act 1976 and Trade Mark Regulations 1997, all trademarks have to be registered before a trademark can be adopted in relation to any goods or services.

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6.7 Environmental Regulations

- Under the Environmental Quality (Prescribe Activities) (Environment Impact Assessment) Order, 1987, Housing development covering an area of 50 acres or more is required by the Department of Environment to carry out an Environment Impact Assessment to be submitted to the Department of Environment for approval.
- This ensures that efforts are made to adequately address environmental degradation. It also ensures that environmental factors are given due consideration by integrating environmental aspects into local plans.

7. SUBSTITUTE PRODUCTS/ SERVICES

- There are no practical substitutes for residential and commercial properties:
 - **Residential:** There are no practical substitutes for residential housing. However, there is a choice of different types of properties such as low-cost houses or flats, medium-cost terrace houses and higher-end properties like condominiums, semi-detached or bungalow houses.
 - **Commercial:** There are no practical substitutes for commercial properties. However, there is a choice of different types of commercial properties such as purpose-built offices, shop houses or shop offices and higher-end shops or shopping complexes. In addition, in a very small number of cases, residential homes are converted into small offices, workshops or showrooms.

8. SUPPLY

- Tambun Indah Group is a developer of the following types of properties:
 - Residential;
 - Commercial.
- Thus, the focus of this assessment on industry supply will be on residential and commercial properties.

8.1 Supply – Residential Properties in Malaysia

Current Supply

- Between 2005 and 2009, the existing residential stock increased at an average annual rate of 4.1%. In 2009, the existing residential stock in Malaysia grew by 2.4% to 4.3 million units. At the end of the first half of 2010, the existing residential stock reached 4.4 million units, an increase of 2.2% compared to the corresponding period in 2009.

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- Between 2005 and 2009, the completed residential units decreased by an average annual rate of 13.2%. In 2009, 102,411 residential units were completed, which represented a drop of 25.2% compared to 2008. At the end of the first half of 2010, the completed residential units reached 47,287, a decline of 17.3% compared to the corresponding period in 2009.

Future Supply

- Between 2005 and 2009, the number of Housing Starts and incoming supply in Malaysia decreased at an average annual rate of 13.2% and 4.0% respectively.
- In 2009, the number of Housing Starts and incoming supply in Malaysia declined by 70.9% and 2.8% respectively. At the end of the first half of 2010, the number of Housing Starts and incoming supply in Malaysia decreased by 15.9% and 2.6% respectively compared to the corresponding period in 2009. The number of units in the planned supply decreased by 1.1% in 2009. At the end of the first half of 2010, the number of units in the planned supply decreased by 1.3% compared to the corresponding period in 2009.
- Between 2005 and 2009, the planned supply of residential units in Malaysia registered growth at an average annual rate of 0.8%. In 2009, the planned supply of residential units decreased by 1.1% to 658,381 units. At the end of the first half of 2010, the planned supply of residential units reached 660,063, a decline of 1.3% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

8.2 Supply – Residential Properties in Penang

Current Supply

- Between 2005 and 2009, the existing residential stock in Penang increased at an average annual rate of 4.1%. In 2009, it grew by 4.3% to reach 340,291 units. At the end of the first half of 2010, the existing residential stock in Penang reached 345,875 units, an increase of 2.9% compared to the corresponding period in 2009.
- Between 2005 and 2009, the existing residential stock in Seberang Perai increased at an average annual rate of 4.6%. In 2009, it grew by 3.4% to reach 158,734 units. At the end of the first half of 2010, the existing residential stock in Seberang Perai reached 160,978 units, an increase of 3.1% compared to the corresponding period in 2009.
- Between 2005 and 2009, the completed residential units in Penang increased slightly at an average annual rate of 0.1%. In 2009, 13,913 residential units were completed in Penang, representing an increase of 6.5% compared to 2008. At the end of the first half of 2010, the completed residential units in Penang reached 5,489 units, a decline of 43.4% compared to the corresponding period in 2009.

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- Between 2005 and 2009, the completed residential units in Seberang Perai decreased at an average annual rate of 7.2%. In 2009, it declined by 14.2% to 5,250 units. At the end of the first half of 2010, the completed residential units in Seberang Perai reached to 2,149 units, a decline of 14.6% compared to the corresponding period in 2009.

Future Supply

- In 2009, the number of Housing Starts in Penang experienced a growth of 32.8% to reach 7,763 units compared to the previous year. At the end of the first half of 2010, the number of Housing Starts in Penang reached 2,429 units, a decline of 22.1% compared to the corresponding period in 2009.
- In 2009, the number of Housing Starts in Seberang Perai experienced a growth of 26.7% to reach 3,271 units compared to the previous year. At the end of the first half of 2010, the number of Housing Starts in Seberang Perai reached 1,243 units, a decline of 26.4% compared to the corresponding period in 2009.
- Between 2005 and 2009, the number of incoming supply units in Penang declined at an average annual rate of 4.5%. In 2009, the number of incoming supply units in Penang decreased by 12.3% to 43,999 units. At the end of the first half of 2010, the number of incoming supply in Penang reached 41,218 units, a decline of 6.0% compared to the corresponding period in 2009.
- Between 2005 and 2009, the number of incoming supply units in Seberang Perai decreased at an average annual rate of 3.3%. In 2009, it declined by 6.6% to 28,138 units. At the end of the first half of 2010, the number of incoming supply in Seberang Perai reached 27,511 units, a decline of 7.0% compared to the corresponding period in 2009.
- Between 2005 and 2009, the planned supply of residential units in Penang increased at an average annual rate of 9.6%. In 2009, the planned supply of residential units in Penang grew by 3.4% to reach 39,703 units. At the end of the first half of 2010, the planned supply of residential in Penang reached 39,007 units, a decline of 7.7% compared to the corresponding period in 2009.
- Between 2005 and 2009, the planned supply of residential units in Seberang Perai increased at an average annual rate of 15.2%. In 2009, it grew by 2.2% to reach 23,151 units. At the end of the first half of 2010, the planned supply of residential in Seberang Perai reached 23,538 units, an increased of 3.3% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

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8.3 Supply – Shop Units in Penang

Current Supply

- Between 2005 and 2009, the existing stock of shop units in Penang increased at an average annual rate of 2.5%. In 2009, it grew by 2.0% to reach 27,578 units. At the end of the first half of 2010, the existing stock of shop units in Penang reached 27,903, an increase of 2.3% compared to the corresponding period in 2009.
- Between 2005 and 2009, the existing stock of shop units in Seberang Perai increased at an average annual rate of 2.9%. In 2009, it grew by 1.8% to reach 16,522 units. At the end of the first half of 2010, the existing stock of shop units in Seberang Perai reached 16,771, an increase of 2.8% compared to the corresponding period in 2009.
- Between 2005 and 2009, the completed shop units in Penang decreased at an average annual rate of 2.5%. In 2009, 529 shop units were completed, representing a decline of 93.9% compared to 2008. At the end of the first half of 2010, the completed shop units in Penang reached 316 units, an increase of 50.5% compared to the corresponding period in 2009.
- Between 2005 and 2009, the completed shop units in Seberang Perai decreased at an average annual rate of 9.7%. In 2009, 289 shop units were completed, representing a decline of 95.8% compared to 2008. At the end of the first half of 2010, the completed shop units in Seberang Perai reached 240 units, an increase of 252.9% compared to the corresponding period in 2009.

Future Supply

- Between 2005 and 2009, the number of Shop Unit Starts in Penang decreased at an average annual rate of 8.8%. In 2009, it grew by 68.7% to 420 units. At the end of the first half of 2010, the number of Shop Units Starts in Penang reached 148 units, a decline of 42.2% compared to the corresponding period in 2009.
- Between 2005 and 2009, the number of Shop Unit Starts in Seberang Perai decreased at an average annual rate of 7.3%. In 2009, it grew by 101.3% to 302 units. At the end of the first half of 2010, the number of Shop Unit Starts in Seberang Perai reached 132 units, a decline of 8.3% compared to the corresponding period in 2009.
- Between 2005 and 2009, the incoming supply of shop units in Penang decreased at an average annual rate of 0.9%. In 2009, it declined by 3.0% to 3,480 units. At the end of the first half of 2010, the incoming supply of shop units in Penang reached 3,387 units, a decline of 8.7% compared to the corresponding period in 2009.
- Between 2005 and 2009, the incoming supply of shop units in Seberang Perai decreased at an average annual rate of 0.3%. However, in 2009, it increased by 0.5% to reach 2,792 units. At the end of the first half of 2010, the incoming supply of shop units in Seberang Perai reached 2,729 units, a decline of 5.9% compared to the corresponding period in 2009.

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- Between 2005 and 2009, the planned supply of shop units in Penang increased at an average annual rate of 19.8%. In 2009, it grew by 13.9% to 2,336 units. At the end of the first half of 2010, the planned supply of shop units in Penang reached 2,336 units, an increase of 5.2% compared to the corresponding period in 2009.
- Between 2005 and 2009, the planned supply of shop units in Seberang Perai increased at an average annual rate of 25.9%. In 2009, it decreased by 1.8% to 1,382 units. At the end of the first half of 2010, the planned supply of shop units in Seberang Perai reached 1,378 units, a decline of 7.1% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

9. SUPPLY – RAW MATERIALS

- Tambun Indah Group's business is focused on property development, and all its building and construction works are sub-contracted to third parties. As such the Group does not purchase any raw materials directly. However, as building materials are the inputs for construction of buildings and infrastructures, their supply will ultimately affect the operation of the Group's business operations.
- The main raw materials used within the property development sector, which incorporates the Building and Construction Industry are mainly building materials. The main raw materials used are as follows:
 - Cement (including Portland Cement and Asbestos Cement);
 - Concrete Products (including ready-mixed concrete, bricks, blocks, roofing tiles, piles, poles/posts, beams, and culverts);
 - Clay and Refractory Construction Materials (including refractory bricks, clay roofing tiles, ceramic wall and floor tiles, clay pipes, and ceramic sanitary ware);
 - Iron and Steel Products (including long products, flat rolled products, iron and steel bars and rods, and tubes and pipes, iron and steel angles, shapes and sections, hot rolled and cold rolled coil);
 - Non-Ferrous Metals (including aluminium extrusions for windows and doors, curtain walls, aluminium panels, and aluminium roofing);
 - Wood and Wood Products (including plywood, hardwood, veneer, particle board, block board, mouldings and builders' carpentry and joinery, and reconstituted wood based panel).

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9.1 Cement and Concrete Materials

- In 2007, cement and concrete materials represented 30.4% of total building costs used for the residential and non-residential construction sectors.
- According to the Cement and Concrete Association of Malaysia, there were seven companies producing cement (excluding white cement) in 2008. The total installed capacity for cement (excluding white cement) in Malaysia was 28.3 million tonnes in 2008.

(Source: Department of Statistics and the Cement and Concrete Association of Malaysia)

9.2 Iron and Steel Products

- Between 2007 and 2009, local production of iron and steel products decreased at an average annual rate of 10.8% from 11.3 million tonnes in 2007 to approximately 9.0 million tonnes in 2009.
- The local production of long products decreased by 9.5% from 7.9 million tonnes in 2008 to 7.1 million in 2009.

(Source: Ministry of International Trade and Industry, Malaysia)

9.3 Wood and Wood Products

- Between 2005 and 2009, the local production of plywood decreased at an average annual rate of 5.1%. In 2009, the local production of plywood decreased by 19.8% to 3.7 million cubic metres. In the first eight months of 2010, the local production of plywood reached 2.1 million cubic metres, a decline of 10.8% compared to the corresponding period in 2009.
- Between 2005 and 2009, the local production of veneer sheets decreased at an average annual rate of 7.0%. In 2009, the local production of veneer sheets decreased by 20.5% to 753,518 cubic metres. In the first eight months of 2010, the local production of veneer sheets reached 550,044 cubic metres, an increase of 21.4% compared to the corresponding period in 2009.
- Between 2005 and 2009, the sales value of the manufacture of laminated board, particleboard and other panels and board decreased at average annual rate of 0.4%. In 2009, the sales value of the manufacture of laminated board, particleboard and other panels and board decreased by 14.7% to approximately RM1.6 billion. In the first eight months of 2010, the sales value of the manufacture of laminated board, particleboard and other panels and board decreased by 16.8% compared to the corresponding period in 2009 to RM848.7 million.

(Source: Department of Statistics)

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9.4 Ceramic Products

- According to the Malaysian Industrial Development Authority (MIDA), Malaysia's ceramic sector comprised:
 - Conventional ceramics include heat insulation and refractory products, bricks, tile, clay pipes, sanitary ware and tableware;
 - Advanced ceramics include advanced ceramic parts and components for the electronic and electrical industry.
- Between 2005 and 2009, the local production of earthen bricks declined at an average annual rate of 36.2%. In 2009, local production of earthen bricks decreased by 78.7% to 202.9 million units. In the first eight months of 2010, the local production of earthen bricks reached 177.2 million units, an increase of 25.5% compared to the corresponding period in 2009.
- Between 2005 and 2009, the local production of ceramic tiles decreased at an average annual rate of 0.1%. In 2009, local production of ceramic tiles decreased by 7.1% to approximately 79.7 million square metres. In the first eight months of 2010, the local production of ceramic tiles reached 42.7 million square metres, a decline of 18.6% compared to the corresponding period in 2009.

9.5 Other Basic Precious and Non-Ferrous Metals

- According to the Department of Statistics, other basic precious and non-ferrous metals include wire, plates, sheets, strips, bars, rods, profiles, tubes, pipes and tubes or pipefittings of aluminium, nickel, copper, zinc and tin, and many others.
- Between 2005 and 2009, the sales value of the manufacture of other basic precious and non-ferrous metals decreased at an average annual rate of 3.0%. In 2009, it declined by 44.2% to RM4.2 billion. In the first eight months of 2010, the sales value of the manufacture of other basic precious and non-ferrous metals reached to RM2.8 billion, a decline of 0.2% compared to the corresponding period in 2009.

(Source: Department of Statistics)

10. SUPPLY DEPENDENCIES

- One of the most critical supply dependencies is the financial resources needed to undertake the purchase of land and construction activities.
- As such, access to loan is one the main dependencies to sustain business activities in the industry.

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- Loans for the construction sector showed relatively low growth amounting to an average 1.6% quarterly growth over the last eight quarters ended December 2009. This represented an average annual growth rate of 6.6% between December 2007 and December 2009. In the first half of 2010, loans for the construction sector amounted to RM36.8 billion, an increase of 3.8% compared to the corresponding period in 2009.
- The loans for construction of residential properties grew at an average quarterly rate of 1.8% between December 2007 and December 2009, which represented an average annual increase of 7.4%. In the first half of 2010, loans for the construction of residential property transactions reached RM8.3 billion, an increase of 4.1% compared to the corresponding period in 2009.
- Between December 2007 and December 2009, loans for the construction of commercial complexes decreased at an average quarterly rate of 1.3%, which represented an average annual decrease of 5.3%. In the first half of 2010, loans for the construction of commercial complexes amounted RM3.3 billion, an increase of 2.3% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

11. DEMAND

11.1 Performance of the Construction Industry

- Between 2005 and 2009, the GDP of construction sector at current prices increased at an average annual rate of 9.4%. In 2009, the GDP of the construction sector experienced a growth of 8.8% at current prices. *(Source: Bank Negara Malaysia)*
- Between 2005 and 2009, the value of property transactions registered an average annual growth rate of 9.3%. In 2009, the value of property transactions amounted to RM81.0 billion, which represented a drop of 8.3% compared to the previous year. In the first half of 2010, the value of property transactions reached RM50.6 billion, an increase of 48.0% compared to the corresponding period in 2009. *(Source: Valuation and Property Services Department, Ministry of Finance)*
- The overall improvement in the Construction Industry will provide opportunities for operators in the industry.

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11.2 Residential Sector

- Residential properties dominate the Malaysian property market, which is reflected as follows:
 - In 2009, the value of residential property transactions amounted to RM41.8 billion, which accounted for 51.7% of all property transactions during the year. Residential property transactions were the largest type by value. In the first half of 2010, the value of residential property transactions amounted to RM23.5 billion, which accounted for 46.5% of all property transactions during the period.
 - In 2009, the number of residential property transactions was 211,600 units, which accounted for 62.6% of all 337,859 units of properties transacted during the year. In the first half of 2010, the number of residential property transactions reached 110,348 units, which accounted for 59.8% of all 184,666 units of properties transacted during the period.

(Source: Valuation and Property Services Department, Ministry of Finance)

11.3 Residential Sector - Malaysia

- Between 2005 and 2009, the value of residential property transactions registered an average annual growth rate of 10.2%. In 2009, the value of residential property transactions experienced a growth of 1.3% to RM41.8 billion. In the first half of 2010, the value of residential property transacted reached RM23.5 billion, an increase of 31.9% compared to the corresponding period in 2009.
- Between 2005 and 2009, the number of residential property transactions grew at an average annual rate of 3.9%. In 2009, the number of residential property transactions decreased by 2.4% to 211,600 units. In the first half of 2010, the number of residential property transactions reached 110,348 units, an increase of 13.9% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

11.4 Residential Sector - Penang

- Between 2005 and 2009, the value of residential property transactions in Penang grew at an average annual rate of 4.6%. In 2009, it registered a marginal growth of 0.03% to RM3.7 billion. In the first half of 2010, the value of residential properties transacted reached RM2.2 billion, an increase of 32.7% compared to the corresponding period in 2009.

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- Between 2005 and 2009, the value of residential property transactions in Seberang Perai decreased at an average annual rate of 3.3%. However, in 2009, it increased by 9.3% to reach RM1.0 billion. In the first half of 2010, the value of residential properties transacted reached RM514.0 million, an increase of 6.5% compared to the corresponding period in 2009.
- Between 2005 and 2009, the number of residential property transactions in Penang decreased at an average annual rate of 2.3%. However, in 2009, it increased by 0.9% to 16,436 units. In the first half of 2010, the number of residential property transactions reached 8,302 units, an increase of 6.6% compared to the corresponding period in 2009.
- Between 2005 and 2009, the number of residential property transactions in Seberang Perai decreased at an average annual rate of 6.2%. However, in 2009, it increased by 0.2% to 6,623 units. In the first half of 2010, the number of residential property transactions reached 3,284 units, an increase of 2.9% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

11.5 Commercial Sector - Malaysia

- Between 2005 and 2009, the value of commercial property in Malaysia increased at an average annual rate of 8.9%. In 2009, the value of commercial property transactions in Malaysia decreased by 1.4% to RM16.4 billion. In the first half of 2010, the value of commercial property transactions reached RM11.4 billion, an increase of 74.1% compared to the corresponding period in 2009.
- Between 2005 and 2009, the number of commercial property in Malaysia registered an average annual growth rate of 8.4%. In 2009, the number of commercial property transactions in Malaysia increased by 5.0% to 33,329 units. In the first half of 2010, the number of commercial property transactions reached 19,097 units, an increase of 31.1% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

11.6 Commercial Sector - Penang

- Between 2005 and 2009, the value of commercial property transactions in Penang increased at an average annual rate of 5.0%. In 2009, it declined by 8.7% to RM950.9 million. In the first half of 2010, the value of commercial property transactions reached RM652.0 million, an increase of 49.9% compared to the corresponding period in 2009.
- Between 2005 and 2009, the value of commercial property transactions in Seberang Perai increased at an average annual rate of 1.6%. In 2009, it decreased by 14.6% to RM366.3 million. In the first half of 2010, the value of commercial property transactions reached RM214.5 million, an increase of 28.2% compared to the corresponding period in 2009.

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- Between 2005 and 2009, the number of commercial property transactions in Penang declined slightly at an average annual rate of 0.1%. In 2009, it decreased by 7.7% to 2,476 units. In the first half of 2010, the number of commercial property transactions reached 1,339 units, an increase of 12.4% compared to the corresponding period in 2009.
- Between 2005 and 2009, the number of commercial property transactions in Seberang Perai decreased at an average annual rate of 0.3%. In 2009, it declined by 16.5% to 1,292 units. In the first half of 2010, the number of commercial property transactions reached 703 units, an increase of 13.4% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

12. DEMAND DEPENDENCIES

12.1 Factors Impacting on Demand

- The demand for property, as for any goods and services, are dependent on a number of internal and external factors. Some of the major demand dependencies are as described below:

Economic Well-Being of the Nation

- Some of the economic factors that determine the well-being of the nation include the following:
 - Gross Domestic Product;
 - Gross National Product;
 - Performance of the local capital markets.

The economic well being of the nation directly influences the following factors:

- consumer confidence;
- business confidence;
- disposable income;
- unemployment rates.

These factors in turn affect the take-up or otherwise, of properties.

Micro and Macro Economics

- Demand for properties are also dependent on the following economic and fiscal policies adopted by the government including:
 - interest rates;
 - money supply (M1, M2, M3);
 - lending policies;
 - balance of payments;
 - consumer price index.

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Government Policies and Local Government Regulations

- Government and Local Government policies also have an effect on the demand for property including, among others:
 - policies and regulations on foreign ownership and disposal of properties;
 - bumiputra quota;
 - low-cost housing quota.
 These policies and regulations have the impact on curbing demand from selected sectors of the community.

Supply and Demand

- The property sector is also subjected to the economics of supply and demand.

Desirability of Product including Location and Infrastructure

- At the individual property and purchaser level, the demand for any property is also dependent on the product and surrounding factors, including:
 - quality of product;
 - quality and aesthetics of the building and its surroundings;
 - reputation of the developer;
 - infrastructure including proximity to amenities;
 - location;
 - pricing of property;
 - density of development.

12.2 Loans

- One of the most critical demand dependencies, especially for the residential sectors, is the amount of loans given to buyers.
- Availability of loans are predicated by many factors including the following from the lenders' perspective:
 - liquidity in the market;
 - financial institutions' internal leading policies;
 - government policies;
 - Bank Negara policies and guidelines.

Loans – Residential Property

- Total loans to the property sector increased from RM281.8 billion in December 2007 to RM352.6 billion in December 2009. Between December 2007 and December 2009, total loans to the property sector increased at an average rate of 2.8% per quarter. In the first half of 2010, total loans to the property sector reached RM376.1 billion, an increase of 12.7% compared to the corresponding period in 2009.

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- During the December 2009 quarter, loans for the purchase of residential property amounted to RM209.7 billion. From December 2007 to December 2009, loans for the purchase of residential property recorded an average quarterly growth rate of 2.4%. In the first half of 2010, loans for the purchase of residential property reached RM222.1 billion, an increase of 11.5% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

Loans – Non-Residential Property

- During the December 2009 quarter, loans for the purchase of non-residential property amounted to RM74.0 billion.
- Over the nine quarters from December 2007 to December 2009, loans for the purchase of non-residential property recorded an average quarterly growth rate of 3.8%. In the first half of 2010, loans for the purchase of non-residential property reached RM81.7 billion, an increase of 17.2% compared to the corresponding period in 2009.

(Source: Valuation and Property Services Department, Ministry of Finance)

13. COMPETITIVE NATURE

- The competitive nature of the Property Development Industry within the residential sector can be segmented into two categories:
 - Government Mandated Low-Cost Housing;
 - Non-Government Mandated Housing.
- Government mandated low-cost housing is not subjected to competitive forces, but is regarded as Universal Service Obligations required of property developers.
- Development of non-government mandated housing is subjected to normal competitive conditions.
- Development of non-residential properties is also subjected to normal competitive conditions.
- The competition in the Property Development Industry is predicated by the following factors:
 - As at November 2010, there were approximately 5,000 active property developers in Malaysia. *(Source: Ministry of Housing and Local Government)*
 - As at November 2010, the Real Estate and Housing Developers' Association of Malaysia had approximately 1,000 members, most of which were property developers.

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- In 2007, taking the number of construction establishments as another indicator for ease of entry of property developers, there were 5,543 establishments in the Construction Industry of which:
 - . 1,091 were in Residential Construction;
 - . 874 were in Non-residential Construction.

(Source: Department of Statistics)

- As with most free enterprise environments, competition among non-government mandated housing is based on a number of factors, including, among others:
 - Location
 - Quality of development
 - Track record and reputation of developer
 - Branding

13.1 Impact of Factors of Competition on Tambun Indah Group

Location

- Location is a key factor of competition. Properties located in growth areas, close to amenities and are highly sought after would be in greater demand and command higher pricing.
- Tambun Indah Group has properties located in and within nearby areas of major towns in Penang such as Bukit Mertajam and Butterworth. In addition, the on-going and future developments of the Group are located near various developed and developing infrastructures and amenities including the North South Highway, the first and second Penang bridges, ferry terminal, industrial estates, hospitals, schools, shopping complexes, hypermarkets, supermarkets, banks, restaurants and petrol stations.

The locations of Tambun Indah Group's property developments provide great convenience to homeowners, which are important in attracting buyers. In addition, the Group's developments located in potential growth area near the second Penang bridge would also provide potential for capital gains.

Quality of Development

- The quality of developments is an important factor of competition. Quality also affects the reputation of developers, which may have an impact on the take-up rates of their future developments. In addition, buyers also seek properties where their quality commensurate with pricing. As such, quality of development is important for developers to command higher prices to enhance profits.
- Tambun Indah Group places strong emphasis on delivering quality properties. The Group has a team of dedicated and experienced project managers and supervisors to closely monitor and manage the construction process to ensure quality standards are adhered and maintained.

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In addition, the Group also has a panel of professionals and suppliers namely architects, engineering consultants, interior designers, and building contractors, most of whom have been dealing with the Group since the commencement of the Group's operations.

Track Record and Reputation of Developer

- A developer with a proven track record and established reputation provides confidence to buyers on the quality of its developments. In addition, track record and reputation are also beneficial for property developers in building up reference sites.
- Tambun Indah Group has an established track record spanning approximately 16 years for its property development business.

Tambun Indah Group's proven track record has provided them with the following advantages and benefits:

- Over the years, Tambun Indah Group has built a strong reputation, which provides the Group with high awareness to attract new customers;
- Tambun Indah Group's long years of experience provide some level of confidence of the Group's ability to deliver, and the quality of their products.

Tambun Indah Group's proven track record provides the Group with a key competitive advantage particularly when compared to property developers with a shorter history.

Branding

- With the vast number of properties developers in Malaysia, branding is important for property developers to differentiate themselves from competitors and to create awareness among buyers. In addition, a strong brand name creates a direct positive impact on the properties.
- Tambun Indah Group also places strong emphasis in brand building through various advertising and promotions activities including participations in various property fairs and exhibitions, advertising in local newspapers, magazines, radio stations, billboards, buntings and streamers.

In addition, the Group has also filed trademark applications for its Tambun Indah logos. As such, the Group is able to differentiate themselves from other competitors and provide a competitive edge to compete effectively in this industry.

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14. PLAYERS IN THE INDUSTRY

- As at November 2010, there were approximately 5,000 active property developers in Malaysia. (*Source: Ministry of Housing and Local Government*)
- As at November 2010, there were approximately 80 property developers in Penang who registered with Real Estate and Housing Developers' Association of Malaysia. However, there are many other property developers in Penang who are not registered with the Association and these are mainly smaller operators or opportunistic operators who may develop small-scale properties on an ad-hoc basis.
- Competition within the Property Development Industry in Malaysia occurs in various forms. Among others, these include different sectors of property development such as residential, commercial, industrial, agricultural, development land and leisure. Within the residential and commercial sectors, there are various areas of competition in terms of size, price range and types of properties, such as condominiums, terraced houses and bungalows for residential properties. As for commercial properties, there are shop offices, multipurpose offices and shopping complexes.
- For residential property development, there are many players competing in this sector. Most of these players are involved in property development. In addition, some of them may also undertake other related and non-related activities. Some of these activities related to property development may include, among others, in-house engineering and architectural, building and construction, interior design services as well as property management services.
- Some of the players involved in residential property development in Penang include the following (listed in alphabetically order):
 - Asas Dunia Berhad;
 - Belleview Sdn Bhd;
 - Bertam Properties Sdn Bhd;
 - Boon Siew Development Sdn Berhad;
 - C P Landmark Sdn Bhd;
 - DNP Holdings Berhad;
 - E & O Property Development Berhad;
 - Epic Valley Holdings Sdn Bhd;
 - Farlim Group (Malaysia) Bhd;
 - Hunza Properties Berhad;
 - IJM Land Berhad;
 - Ivory Properties Group Berhad;
 - Metro Jelata Sdn Bhd;
 - Palmex Industries Sdn Bhd;
 - PJ Development Holdings Berhad;
 - PLB Land Sdn Bhd (*a wholly-owned subsidiary of PLB Engineering Berhad*);
 - S P Setia Berhad Group;
 - Tambun Indah Group.

Note: This is not an exhaustive list



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15. BARRIERS TO ENTRY

15.1 Government Policies

- With the exception of various Government approvals, permits and licences for all acquisitions, development and sale of land and properties, there are no material barriers or impediments to any individual or organisation to develop properties.
- In addition, operators who are involved in the building and construction as part of Property Development activities also have to register with the CIDB.

15.2 Capital Cost

- Generally, the capital set-up cost can be segmented into two categories.

Category 1

- At its basic, this group of property developers undertake joint-ventures with land owners, who in return will normally be entitled to some of the developed properties or share in the proceeds of the sales.
- The property developers in this category would normally sell properties 'off the plan' to obtain working capital for construction.
- Construction can be outsourced to third parties on a full turnkey basis. Therefore initial outlay to develop any property can be low.
- As such, the barrier to entry in terms of capital cost is low for this category of property developers.

Category 2

- This category of property developers is normally larger and more established organisations. They would normally purchase the land prior to selling off the plan or construction. As such, the capital requirements are significantly higher depending on the value of the land.
- In addition, it is common for this group of property developers to purchase land bank for future developments when timing is deemed to be appropriate to maximise profits. This further increases the requirements for capital.
- Thus, the barrier to entry in terms of capital cost is high for this category of property developers.

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15.3 Track Record

- Track record and reputation also form one of the barriers to entry for new entrants. A proven track record is required to demonstrate that the property developer has the ability to develop quality properties. In addition, reputation of the property developer is important in ensuring fast sales. It is unlikely that a new entrant without any track record will be able to compete effectively.
- It will take some time for a new entrant to establish its reputation in the market. As such, track record would pose barriers to entry for new entrants, which would find it difficult to gain immediate access into the market.

15.4 Land

- Most land may be purchased at the right price based on a 'willing buyer willing seller' basis. Since there is no scarcity of land, any individual can purchase land to develop property.
- Thus, land may be purchased easily for property development, which forms a relatively low barrier to entry. However, barriers to entry start to escalate for larger and/or more expensive land, especially for land located in major built-up areas or in prime locations.

16. RELIANCE ON AND VULNERABILITY TO IMPORTS

- Tambun Indah Group's business is focused on property development, and all its building and construction works are sub-contracted to third parties. As such the Group does not purchase any raw materials directly. However, as building materials are the inputs for construction of buildings and infrastructures, their supply will ultimately affect the operation of the Group's business operations.
- Generally, major raw materials used in property development such as piles, tiles, iron and steel materials, and cement and concrete materials are widely available locally and overseas.
- Most of the bulky and basic raw materials like iron and steel materials, earth, sand, bricks, roofing tiles and cement are locally available. As such, developers are normally not vulnerable to imports as most common materials are available locally, and if not, there are many alternative sources of supply.

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17. INDUSTRY OUTLOOK

17.1 Overall Indication

- Economic conditions in Malaysia in 2010 has shown to be better than 2009 as indicated below:
 - While real GDP for 2009 was -1.7%, real GDP for 2010 is projected to grow by an estimated 7.0%;
 - The real GDP of the construction industry is estimated to grow by 4.9% in 2010.
- Looking forward into 2011, the government of Malaysia has forecasted continuing growth as follows:
 - Real GDP growth is forecasted at between 5% and 6%;
 - Real GDP growth for the construction industry is forecasted at 4.4%.

(Source: Ministry of Finance)

- Improved economic conditions will help sustain as well as provide growth for operators within the Property Development Industry.
- The following observations provide some indications of the trends for the Property Development Industry:
 - The number of new sales and advertising permits for properties in the first three quarters of 2010 increased by 4.2% compared to the corresponding period in 2009. However, the number of new sales and advertising permits for properties in the third quarter of 2010 decreased by 35.0% compared to the previous quarter and declined by 26.2% compared to the same quarter in 2009.
 - Housing approvals in the first three quarters of 2010 increased by 6.1% compared to the corresponding period in 2009. However, housing approvals in the third quarter of 2010 decreased by 36.0% compared the previous quarter and declined by 6.1% compared to the same quarter in 2009.

(Source: Bank Negara Malaysia)

- In addition, various initiatives undertaken by the Malaysian Government would benefit operators in the Property Development Industry. Some of these initiatives are listed as follows:
 - On-going development of the five regional economic corridors - Iskandar Malaysia, Northern Corridor Economic Region, East Coast Economic Region, Sabah Development Corridor and Sarawak Corridor – signals a potential growth in the economy and the property market in these regions.

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- According to the latest Budget 2011, the Government will introduce a scheme to guarantee a down payment of 10% for houses below RM220,000 for first-time house buyers with household income of less than RM3,000 per month.
- In addition, stamp duty exemption of 50% on instruments of transfer on a house price not exceeding RM350,000 will also be given to first-time house buyers.

(Source: The Budget 2011 Speech and Tenth Malaysia Plan 2011 - 2015).

17.2 Impact of Penang's Second Bridge

- The on-going development of Penang's second bridge, an initiative of the Malaysian Government along with the Penang State Government, is expected to provide further impetus for growth in the state of Penang. This is expected to have a positive spill over effects to the Property Development Industry in Penang.
- Upon completion, the surrounding areas, notably Batu Kawan and Batu Maung, are expected to register an increase in local and foreign investments together with a workforce of professionals and skilled people. These factors would stimulate demand for residential and commercial properties within the said areas and the state of Penang. Thus, this would augur well for property developers in Penang and especially around the vicinity of the access points to Penang's second bridge.
- Penang's second bridge is expected to further reduce travelling time between Penang island and mainland Penang. This may encourage purchases of properties in mainland Penang, where prices of properties are generally lower compared to similar properties in Penang island. This would benefit property developers in mainland Penang.

18. DRIVERS OF GROWTH

- Some of the drivers of growth for the Property Development Industry are:
 - Socio-economic growth such as Gross Domestic Product growth and population growth will increasingly boost the requirements for housing and ultimately increase the demand for property development. In addition, it will also drive commercial activities to increase demand for commercial properties.
 - Increasing affluence of consumers as reflected in the increase in Gross National Product per capita and disposal income, which will increase affordability and stimulate the demand for the purchase of properties.
 - Government Spending on the residential housing sector as reflected in the Tenth Malaysia Plan will continue to provide opportunities for operators in the Property Development Industry.

9. INDUSTRY OVERVIEW


VITAL FACTOR CONSULTING

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- Low interest rate for property buyers will enable more people to be able to buy residential properties.
- Government spending on development of infrastructures such as new highways and transportation links will attract development of residential and commercial properties in the nearby areas. In Penang, the on-going development of the Penang Second Bridge will provide opportunities for property developers with land bank located in the surrounding areas.

19. THREATS AND RISKS ANALYSIS
19.1 Fluctuations in Prices of Iron and Steel Materials

- In 2007, the use of iron and steel materials including steel bars and rods, steel sheets, cast iron pipes and tubes, hardware materials and others represented 27.8% of the total cost of building materials used for the residential and non-residential constructions (*Source: Department of Statistics*).
- As iron and steel raw materials are commodities, the prices of these raw materials are subject to fluctuations in global market prices. In some situations, an increase in the price of these raw materials may not be easily passed onto customers. This could have an impact on profit margins. Alternatively, if an increase in cost is passed onto customers, the price competitiveness of the operator may be eroded.

Mitigating Factors

- Operators with strong financial strength may be able to purchase and maintain stocks of key raw materials to create a cushion against price fluctuations.
- As these raw materials are commodities and therefore subjected to world prices, all operators that use these materials are equally affected.

19.2 Global Financial Crisis

- Any prolonged and/or widespread downturn such as those of the recent global financial turmoil has affected the global and Malaysian economies. This will in turn reduce demand on consumer spending, including investment in properties.

Mitigating Factors

- As evidenced in the past, the Malaysian Government's continued prompt policy flexibility in implementing pro-growth measures to sustain the country's growth momentum, by raising domestic demand to compensate for slower external growth, has helped Malaysian companies to counter some of the effects of the slowdown in the global economy.

9. INDUSTRY OVERVIEW

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- In early November 2008, the Malaysian Government announced a RM7 billion stimulus package, which was to be channelled into 15 projects to promote business activity, and helps minimise the impact of the global financial crisis.
- On 10 March 2009, the Government tabled a mini budget as part of the second stimulus package. The second stimulus package was to be implemented over 2009 and 2010, and will include RM60 billion in spending and incentives.
- It is expected that these measures will help to generate domestic business activities and domestic consumption, which will in turn help counter the slowdown in the local economy.

19.3 Property Overhang

- The increase in property overhang is commonly due to over supply and/or low take up of new launches by developers. The continuing rise in property overhang will have an impact on property developers within the industry.
- At the end of the first half of 2010, the number of completed and unsold residential units reached 22,586 units amounting to RM3.7 billion (*Source: Valuation and Property Services Department, Ministry of Finance*)

Mitigating Factors

- Under the second stimulus package, the Malaysian Government announced that house buyers to be given up to RM10,000 a year in tax relief on interest paid on housing loans for three years. This may encourage Malaysians to purchase residential property, thereby helping to reduce the residential property overhang.
- According to the latest Budget 2011, the Government will introduce a scheme to guarantee a down payment of 10% for houses below RM220,000 for first-time house buyers with household income of less than RM3,000 per month.
- In addition, stamp duty exemption of 50% on instruments of transfer on a house price not exceeding RM350,000 will also be given to first-time house buyers. The Government also proposed that stamp duty exemption of 50% to be given on loan agreement instruments to finance such first-time purchase of houses.
- The above is aimed at stimulating the demand for properties and house ownership in Malaysia. This is expected to have a favourable impact on the Property Development Industry in Malaysia.

19.4 Implementation of Maximum Loan-to-Value Ratio

- On 3 November 2010, Bank Negara Malaysia announced with immediate effect the implementation of a maximum loan-to-value (LTV) ratio of 70%, which will be applicable to the financing facility taken out by borrower on the third home.

9. INDUSTRY OVERVIEW



VITAL FACTOR CONSULTING

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- The housing loan cap limit ruling imposed by Bank Negara Malaysia may discourage demand on residential properties from potential home buyers.

Mitigating Factors

- Financing facilities for the purchase of the first and second homes by individuals are not affected and borrowers will continue to be able to obtain financing for these purchases at the present prevailing LTV level applied by individual banks based on their internal credit policies. *(Source: Bank Negara Malaysia)*
- As such, demand from individuals purchasing their first or second homes using financing facilities will not be affected by the new ruling.
- In addition, all operators within the Property Development Industry in Malaysia are equally affected by the new ruling imposed.

20. AREAS OF GROWTH AND OPPORTUNITIES

20.1 Encouraging Performance of the Property Development Industry

- The area of growth and opportunities for the Property Development Industry are focused in the following areas:
 - Residential Sector
 - Medium to High Cost Housing
- This is predicated by the following observations:

Residential Sector

- In 2009, residential properties accounted for 51.7% or RM41.8 billion of the total transaction value of RM81.0 billion of all types of properties sold during the year. In the first half of 2010, the value of residential properties transacted reached RM23.5 billion, which accounted for 46.5% of all types of properties sold during the period.
- In 2009, the value of residential property transacted registered a growth of 1.3% to RM41.8 billion. The transaction value of residential property registered an average annual growth rate of 10.2% between 2005 and 2009. In the first half of 2010, the value of residential properties transacted reached RM23.5 billion, an increase of 31.9% compared to the corresponding period in 2009.
- Over the eight quarters from June 2008 to June 2010, loans for the purchase of residential property recorded an average quarterly growth rate of 2.6%.

(Source: Valuation and Property Services Department, Ministry of Finance)

9. INDUSTRY OVERVIEW



VITAL FACTOR CONSULTING

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Medium to High Cost Housing

- In the first half of 2010, in terms of volume of transaction of properties valued at RM75,001 and above, the medium to high cost housing properties accounted for 70.2% of all the residential properties transacted.
- During the Ninth Malaysia Plan period from 2006 up to June 2010, medium and high cost housing represented 71.0% of total housing built. This was mainly built by the private sector.

(Source: Valuation and Property Services Department, Ministry of Finance and Tenth Malaysia Plan 2011-2015)

21. MARKET SIZE

21.1 Market Size - Malaysia

Market Size of Total Property Market in Malaysia

- In 2009, the size of the total property market in Malaysia in terms of total value of property transactions was RM81.0 billion.

Market Size of Residential Property in Malaysia

- In 2009, the size of the residential property market in Malaysia in terms of total value of residential property transactions was RM41.8 billion.

Market Size of Commercial Property in Malaysia

- In 2009, the size of the commercial property market in Malaysia in terms of total value of commercial property transactions was RM16.4 billion.

(Source: Valuation and Property Services Department, Ministry of Finance)

21.2 Market Size - Penang

Market Size of Total Property Market in Penang

- In 2009, the size of the total property market in Penang in terms of total value of property transactions was RM6.5 billion.

Market Size of Residential Property in Penang

- In 2009, the size of the residential property market in Penang in terms of total value of property transactions was RM3.7 billion.

9. INDUSTRY OVERVIEW

**VITAL FACTOR CONSULTING**

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Market Size of Commercial Property in Penang

- In 2009, the size of the commercial property market in Penang in terms of total value of property transactions was **RM950.9 million**.

(Source: Valuation and Property Services Department, Ministry of Finance)

21.3 Market Size – Seberang Perai**Market Size of Total Property Market in Seberang Perai**

- In 2009, the size of the total property market in Seberang Perai in terms of total value of property transactions was **RM2.4 billion**.

Market Size of Residential Property in Seberang Perai

- In 2009, the size of the residential property market in Seberang Perai in terms of total value of property transactions was **RM1.0 billion**.

Market Size of Commercial Property in Seberang Perai

- In 2009, the size of the commercial property market in Seberang Perai in terms of total value of property transactions was **RM366.3 million**.

(Source: Valuation and Property Services Department, Ministry of Finance)

22. MARKET SHARE**22.1 Market Share - Malaysia****Total Property Market**

- In 2009, the market share of Tambun Indah Group for the total property market in Malaysia was estimated at **0.1%**. This is based on the Group's total revenue of **RM100.6 million** for the financial year ended 31 December 2009.

Residential Property Market

- In 2009, the market share of Tambun Indah Group for the residential property market in Malaysia (a sub-sector of the total property market) was estimated at **0.2%**. This is based on the Group's revenue of **RM99.2 million** from residential properties for the financial year ended 31 December 2009.

9. INDUSTRY OVERVIEW

**VITAL FACTOR CONSULTING**

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Commercial Property Market

- In 2009, the market share of Tambun Indah Group for the commercial property market in Malaysia (a sub-sector of the total property market) was estimated at less than 0.1%. This is based on the Group's revenue of RM1.4 million from commercial properties for the financial year ended 31 December 2009.

(Source: Vital Factor Consulting Sdn Bhd)

22.2 Market Share - Penang**Total Property Market**

- In 2009, the market share of Tambun Indah Group for the total property market in Penang was estimated at 1.5%. This is based on Tambun Indah Group's revenue of RM100.6 million from property development in Penang for the financial year ended 31 December 2009.

Residential Property Market

- In 2009, the market share of Tambun Indah Group for the residential property market in Penang (a sub-sector of total property market) was estimated at 2.7%. This is based on Tambun Indah Group's revenue of RM99.2 million from residential properties in Penang for the financial year ended 31 December 2009.

Commercial Property Market

- In 2009, the market share of Tambun Indah Group for the commercial property market in Penang (a sub-sector of total property market) was estimated at 0.2%. This is based on Tambun Indah Group's revenue of RM1.4 million from commercial properties in Penang for the financial year ended 31 December 2009.

(Source: Vital Factor Consulting Sdn Bhd)

22.3 Market Share – Seberang Perai**Total Property Market**

- In 2009, the market share of Tambun Indah Group for the total property market in Seberang Perai was estimated at 4.2%. This is based on Tambun Indah Group's revenue of RM100.6 million from property development in Seberang Perai for the financial year ended 31 December 2009.

9. INDUSTRY OVERVIEW



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Residential Property Market

- In 2009, the market share of Tambun Indah Group for the residential property market in Seberang Perai (a sub-sector of total property market in Penang) was estimated at 9.7%. This is based on Tambun Indah Group's revenue of RM99.2 million from residential properties in Seberang Perai for the financial year ended 31 December 2009.

Commercial Property Market

- In 2009, the market share of Tambun Indah Group for the commercial property market in Seberang Perai (a sub-sector of total property market in Penang) was estimated at 0.4%. This is based on Tambun Indah Group's revenue of RM1.4 million from commercial properties in Seberang Perai for the financial year ended 31 December 2009. (Source: *Vital Factor Consulting Sdn Bhd*)

Vital Factor Consulting Sdn Bhd had prepared this report in an independent and objective manner and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wong Wai Ling
Director

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

10.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

10.1.1 Shareholdings

Our Promoters and substantial shareholders direct and indirect interest in our Shares (holding 5% or more of the issued and paid-up share capital) before and after our IPO are as follows:

Promoters/ Substantial shareholder of Tambun Indah	Nationality/ Place of incorporation	Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Amal Pintas	Malaysia	34,001,105	17.99	-	-	22,951,105	10.39	-	-
Siram Permai	Malaysia	89,250,001	47.22	-	-	89,250,001	40.38	-	-
Tah-Wah	Malaysia	30,009,386	15.88	-	-	19,853,898	8.98	-	-
Ir. Teh Kiak Seng	Malaysian	4,955,974	2.62	89,250,001 ⁽¹⁾	47.22	4,955,974	2.24	89,250,001 ⁽¹⁾	40.38
Dato' Hong Yeam Wah	Malaysian	-	-	30,903,898 ⁽²⁾	16.35	-	-	19,853,898 ⁽³⁾	8.98
Tsai Chang Hsiu-Hsiang	Taiwanese	-	-	34,001,105 ⁽⁴⁾	17.99	-	-	22,951,105 ⁽⁴⁾	10.39
Tsai Chia Ling	Taiwanese	-	-	34,001,105 ⁽⁴⁾	17.99	-	-	22,951,105 ⁽⁴⁾	10.39
Tsai Yung Chuan	Taiwanese	-	-	34,001,105 ⁽⁴⁾	17.99	-	-	22,951,105 ⁽⁴⁾	10.39

Notes:

- (1) Deemed interested by virtue of his shareholdings in Siram Permai pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his shareholdings in Tah-Wah and NLE pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his shareholdings in Tah-Wah pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his/her shareholdings in Amal Pintas pursuant to Section 6A of the Act.

10.1.2 Profile

The profile of our Promoters and substantial shareholders are set out below:

(a) Amal Pintas

Amal Pintas was incorporated as a private limited company on 26 January 1995 in Malaysia under the Act. As at the LPD, Amal Pintas has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each in Amal Pintas, of which RM250,000 comprising 250,000 ordinary shares of RM1.00 each in Amal Pintas have been fully issued and paid-up. The company is principally involved in investment holding.

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10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

The particulars of Amal Pintas's directors and shareholders and their respective shareholdings in Amal Pintas as at the LPD are as follows:

Directors/Shareholders	Before the IPO				After the IPO			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Tsai Yung Chuan	95,000	38.00	-	-	95,000	38.00	-	-
Tsai Chang Hsiu-Hsiang	92,500	37.00	-	-	92,500	37.00	-	-
Tsai Chia Ling	62,500	25.00	-	-	62,500	25.00	-	-

(b) Siram Permai

Siram Permai was incorporated as a private limited company on 13 March 1992 in Malaysia under the Act. As at the LPD, Siram Permai has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each in Siram Permai, of which RM300,000 comprising 300,000 ordinary shares of RM1.00 each in Siram Permai have been fully issued and paid-up. The company is principally involved in investment holding.

The particulars of Siram Permai's directors and shareholders and their respective shareholdings in Siram Permai as at the LPD are as follows:

Directors/Shareholders	Before the IPO				After the IPO			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Ir. Teh Kiak Seng	299,999	100.00	-	-	299,999	100.00	-	-
Ooi Yen Hwa	1	*	-	-	1	*	-	-

Note:

* Negligible

(c) Tah-Wah

Tah-Wah was incorporated in Malaysia on 28 May 1982 under the Act as a private limited company under the name of Foong Shin Enterprises Sdn Bhd and subsequently converted its name to Tah-Wah on 14 August 2001. Tah-Wah has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each in Tah-Wah, of which RM600,000 comprising 600,000 ordinary shares of RM1.00 each in Tah-Wah have been fully issued and paid-up. The company is principally involved in investment holding.

The particulars of Tah-Wah's directors and substantial shareholders and their respective shareholdings in Tah-Wah as at the LPD are as follows:

Directors/Shareholders	Before the IPO				After the IPO			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Dato' Hong Yeam Wah	599,999	100	-	-	599,999	100	-	-
Tan Ai Eng	1	*	-	-	1	*	-	-

Note:

* Negligible

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

(d) Ir. Teh Kiak Seng

Ir. Teh Kiak Seng, a Malaysian aged 60, with over 30 years of experience in the housing industry, is the founder and Managing Director of our Group. He has completed and sold over 3,000 units of residential, commercial and industrial properties with total development value of approximately RM852 million as at the LPD.

His initiation into construction was in Indonesia when he started working in a civil construction firm after completing high school in 1971. Three years later, in 1974, he furthered his education in Canada. He graduated with a Bachelor of Civil Engineering degree from the University of Saskatchewan, Canada on 17 May 1979.

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

Within a short period of 10 years, GTP Jurutera Perunding Sdn Bhd was involved in the design and completion of over 100 factories in Penang, Kedah, Perlis, Perak and Johor. Among the notable achievements under GTP Jurutera Perunding Sdn Bhd are Matsushita Electronic Motor (M) Sdn Bhd, Dell Asia Pacific Sdn, Sollectron Technology (Penang) Sdn Bhd, Molex (M) Sdn Bhd, Canon Electronics (M) Sdn Bhd, DIC Compounds (M) Sdn Bhd, Toyobo Wool (M) Sdn Bhd, Chin Well Fasteners Co. Sdn Bhd, Tong Heer Fasteners Co. Sdn Bhd, Kobe Precision Technology Sdn Bhd and Suzuki Assemblers (M) Sdn Bhd.

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

Following the success of GTP Jurutera Perunding Sdn Bhd, he turned his entrepreneurship skills to focus on property development in 1992 by incorporating Siram Permai, the substantial shareholder of Tambun Indah.

He is currently a Member of the Institute of Engineers, Malaysia and a Registered Professional Engineer with the Board of Engineers Malaysia. Presently, he holds the position of Honorary Secretary of the REHDA in Penang and sits on the board of several private limited companies.

(e) Dato' Hong Yeam Wah

Dato' Hong Yeam Wah, a Malaysian aged 53, is the Non-Independent Non-Executive Director of our Group. He began his career as an electrical contractor in 1978 and has an extensive 30 years experience and expertise in the electrical contracting field.

In addition to his core business in the electrical contractor field, he is also involved in other successful diversified businesses such as electroplating, machinery, machining and electrical lighting.

His business involvement includes major clients such as Southern Steel Berhad, Guthrie MDF Sdn Bhd, Jurong Engineering Limited, Merbok MDF Sdn Bhd, Continental Sime Tyre AS Sdn Bhd, Sollectron Technology Sdn Bhd, Mini Circuits Technologies (Malaysia) Sdn Bhd, Carsem (M) Sdn Bhd, Flextronics Technology (PG) Sdn Bhd and Perbadanan Bekalan Air Pulau Pinang Sdn Bhd. He presently sits on the board of several private limited companies and holds prominent positions in several social organisations as follows:

- (i) Advisor and Immediate Past President, Penang Electrical Merchants' Association;
- (ii) Deputy President, Persatuan Alumni Chung Ling, Seberang Perai;

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

(iii) Vice Chairman/Trustee, Rumah Berhala Tow Boo Kong, Raja Uda, Seberang Perai; and

(iv) Treasurer, Pertubuhan Penganut Hock Teik Soo.

(f) Tsai Chang Hsiu-Hsiang

Tsai Chang Hsiu-Hsiang, a Taiwanese age 53, graduated from Yuan Lin Senior High School in 1973 and started her career as an Assistant Manager with Chin Ho Enterprise Company in 1976 before she joined the family business, Jinn Her Enterprise Co. Ltd. In 1980, she was in-charge of the financial affairs of Jinn Her Enterprise Co. Ltd. She came to Malaysia in 1989 and helped to form Chin Well Fasteners Co. Sdn. Bhd. and she is currently the Executive Director of Chin Well Holdings Berhad, a company listed on the Main Market of Bursa Securities.

(g) Tsai Chia Ling

Tsai Chia Ling, a Taiwanese age 31, graduated from National Cheng Kung University, Taiwan in 2001 with a Bachelor of Business Administration and started her career as a Management Trainee with Gem-Year Industrial Co. Ltd. before she joined Chin Well Fasteners Co. Sdn. Bhd. as a Marketing Executive in 2003. Currently, she is the Executive Director of Chin Well Holdings Berhad, a company listed on the Main Market of Bursa Securities.

(h) Tsai Yung Chuan

Tsai Yung Chuan, a Taiwanese aged 53, is the co-founder and currently the Non-Independent Non-Executive Chairman of our Group. He started his career as General Manager of his family business Jinn Her Enterprise Co. Ltd, Taiwan, a factory producing fasteners after graduating with a certificate in Electrical Engineering from National Lien Ho College of Technology and Commerce, Taiwan, in 1977. He initiated the business expansion into Malaysia and founded Chin Well group of companies when he visited Malaysia in 1988. Currently, he is the Managing Director of Chin Well Holdings Berhad, a company listed on the Main Market of Bursa Securities.

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10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

10.1.3 Changes in the shareholdings

Save as disclosed below, there has been no change in the direct and indirect shareholdings of our Promoters and substantial shareholders in Tambun Indah since its incorporation on 19 March 2008 as follows:

Promoters/ Substantial shareholders of Tambun Indah	(1) As at 19 March 2008 (Incorporation)		(1)		(1) After (1) and Acquisitions Indirect		(II) and the IPO Indirect	
	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Amal Pintas	-	-	-	-	34,001,105	-	22,951,105	-
Siram Permai	-	-	-	-	89,250,001	-	89,250,001	-
Tah-Wah	-	-	-	-	30,009,386	-	19,853,898	-
Ir. Teh Kiat Seng	1	50.00	2	50.00	4,955,974	2.62	4,955,974	2.24
Dato' Hong Yeam Wah	-	-	-	-	-	-	-	19,853,898 ⁽⁵⁾
Tsai Chang Hsiu- Hsiang	-	-	-	-	-	-	-	22,951,105 ⁽⁶⁾
Tsai Chia Ling	1	50.00	2	50.00	-	-	-	22,951,105 ⁽⁶⁾
Tsai Yung Chuan	-	-	-	-	-	-	-	22,951,105 ⁽⁶⁾

Notes:

(1) Ordinary shares of RM1.00 each.

(2) After the sub-division of the existing ordinary shares of RM1.00 each in Tambun Indah into 2 ordinary shares of RM0.50 each in Tambun Indah which was completed on 23 June 2008.

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

(4) Deemed interested by virtue of his shareholdings in Toh-Wah and NLE pursuant to Section 6A of the Act.

(5) Deemed interested by virtue of his shareholdings in Toh-Wah pursuant to Section 6A of the Act.

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

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

10.1.4 Controlling shareholders

Save for our Promoters, namely Siram Permai, who will collectively hold a total of approximately 40.39% of our enlarged issued and paid-up share capital upon our Listing, as disclosed in Section 10.1.1 of this Prospectus, we are not aware of any other person(s) who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

10.2 DIRECTORS

10.2.1 Shareholdings

Based on the Register of Directors of the Company as at the date of this Prospectus, the direct and indirect interests of our Directors immediately before and after the IPO are as follows:

Directors	Nationality	Before the IPO				After the IPO			
		Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
Tsai Yung Chuan	Taiwanese	-	-	34,001,105 ⁽¹⁾	17.99	-	-	22,951,105 ⁽¹⁾	10.39
Ir. Teh Kiak Seng	Malaysian	4,955,974	2.62	89,250,001 ⁽²⁾	47.22	4,955,974	2.24	89,250,001 ⁽²⁾	40.38
Teh Theng Theng	Malaysian	-	-	-	-	123,000	0.06	-	-
Thaw Yeng Cheong	Malaysian	-	-	-	-	300,000	0.14	-	-
Dato' Hong Yeam Wah	Malaysian	-	-	30,903,898 ⁽³⁾	16.35	-	-	19,853,898 ⁽⁴⁾	8.98
Dato' Mohamad Nadzim Bin Shaari	Malaysian	-	-	-	-	-	-	-	-
Ong Eng Choon	Malaysian	-	-	-	-	143,000	0.06	-	-
Yeoh Chong Keat	Malaysian	-	-	-	-	100,000	0.05	-	-

Notes:

- (1) Deemed interested by virtue of his shareholdings in Amal Pintas pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his shareholdings in Siram Permai pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his shareholdings in Tah-Wah and NLE pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his shareholdings in Tah-Wah pursuant to Section 6A of the Act.

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10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

10.2.2 Profile

(i) **Tsai Yung Chuan**

Please refer to Section 10.1.2(h) of this Prospectus.

(ii) **Ir. Teh Kiak Seng**

Please refer to Section 10.1.2(d) of this Prospectus.

(iii) **Teh Theng Theng**

Teh Theng Theng, a Malaysian aged 47, is the Executive Director of our Group and is the sister of Ir. Teh Kiak Seng. After graduating from Edith Cowan University in Perth, Australia on 21 February 1991 with a Bachelor of Accounting degree, she joined IJM Corporation Bhd in 1991 which is also involved in property development where she worked for 3 years.

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

(iv) **Thaw Yeng Cheong**

Thaw Yeng Cheong, a Malaysian aged 52, is the Executive Director of our Group. He graduated with a Bachelor of Architecture degree from University of Bombay on 11 February 1984 and has been involved in the property development industry as a senior consultant architect with Arkitek Permata since 1985. Throughout his career, he was involved in the design, concept inception, management, budgeting and building process. His experience ranges across diversified projects comprising residential, commercial, industrial and institutional development which includes housing, hotels, schools, hospitals, factories, community halls and resorts.

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

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

(v) **Dato' Hong Yeam Wah**

Please refer to Section 10.1.2(e) of this Prospectus.

(vi) **Dato' Mohamad Nadzim Bin Shaari**

Dato' Mohamad Nadzim Bin Shaari, a Malaysian aged 61, is the Independent Non-Executive Director of our Group. He graduated with a Masters of Science in Development Studies from Bath University in Avon, United Kingdom in the year 1988. In 1972, he was appointed as a member of the Kedah State Civil Service and later in 1975 as a member of the Malaysian Administrative and Diplomatic Service and had served in various posts involved in the planning, development and implementation of Government policies, programmes and projects whilst serving as an official in the Prime Minister's Department. He left the Prime Minister's Department in 2000 and was appointed as the Principal Assistant Director and then the Director of Communications Infrastructure Division in the Ministry of Energy, Communications and Multimedia in 2001 until 2004. In 2004, he was appointed as the Deputy State Secretary of Perak until 2005. Since then, he has been providing consulting services to Government agencies and the training of new officers in several aspects of the Government administrative machinery.

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

(vii) Ong Eng Choon

Ong Eng Choon, a Malaysian aged 58, is the Independent Non-Executive Director of our Group and is an accountant by profession. He graduated from Tunku Abdul Rahman College, Kuala Lumpur on 31 May 1976 with a Diploma in Business Administration and has more than 30 years of tax experience having started with the Inland Revenue Department in 1976 and spent 10 years with Kassim Chan Tax Services Sdn Bhd. He is currently the Managing Director of Taxnet Consultants Sdn Bhd.

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

Currently, he is the external company secretary of Globetronics Technology Berhad, a company listed on the Main Market of Bursa Securities and is also the Independent Non-Executive Director of Chin Well Holdings Berhad, Tek Seng Holdings Berhad, Public Packages Holdings Berhad and Nagamas International Berhad which are listed on the Main Market of Bursa Securities and Elsoft Research Berhad which is listed on the ACE Market of Bursa Securities.

(viii) Yeoh Chong Keat

Yeoh Chong Keat, a Malaysian aged 52 is the Independent Non-Executive Director of our Group. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Tax Institute of Malaysia (*formerly known as Malaysian Institute of Taxation*), a Chartered Accountant of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants. He was trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, Birmingham, United Kingdom (now part of PricewaterhouseCoopers, U.K.) and was formerly the Head of the Corporate Services Division of PFA Corporate Services Sdn Bhd for over 10 years. He has accumulated vast experiences in audit, tax, financial and management consulting and corporate secretarial work with reputable firms in the United Kingdom and Malaysia. He is the President/Chief Executive Officer ("CEO") of Archer Corporate Services Sdn Bhd after founding it in 1999.

Currently, he is the external company secretary of several public companies listed on Bursa Securities, a newly appointed Director of XOX Bhd and is also an Independent Director of Lien Hoe Corporation Berhad and Cheetah Holdings Berhad as well as a Non-Independent Director of Nagamas International Berhad which are listed on the Main Market of Bursa Securities and Key West Global Telecommunications Berhad, a company listed on the ACE Market of Bursa Securities.

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10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL
10.2.3 Other principal directorships

Save as disclosed below, none of the Directors of our Group hold other principal directorships outside the Group at present and in the last 5 years:

Name Of Directors	Designation	Name Of Company
Tsai Yung Chuan	Managing Director	Chin Well Holdings Berhad
	Director	Chin Well Fasteners Co. Sdn Bhd
	Director	Chin Well Service Centre Sdn Bhd
	Director	Chin Herr Industries (M) Sdn Bhd
	Director	Jiuh Yang Metal Industry Sdn Bhd
	Director	Amal Pintas
	Director	Chin Well Fasteners (Vietnam) Co. Ltd
	Director	Jinn Her Enterprise Co. Ltd
Ir Teh Kiak Seng	Director	Chin Champ Enterprise Co. Ltd
	Director	Siram Permai
	Director	Karya Cemerlang Sdn Bhd ⁽¹⁾
	Director	Tokoh Permai Sdn Bhd ⁽¹⁾
	Director	Menara Phoenix Sdn Bhd ⁽¹⁾
	Director	Pridaman Sdn Bhd
	Director	Celestron Industry Sdn Bhd
	Director	GTP Consultants Sdn Bhd
	Director	GTP Jurutera Perunding Sdn Bhd
	Director	Edaran Cemerlang Sdn Bhd ⁽²⁾
	Director	Bremhill Development Sdn Bhd
	Director	Premcourt Development Sdn Bhd
	Director	Ikhtiar Bitara Sdn Bhd
	Director	GTP Project Management Sdn Bhd
	Director	Palmsfield Sdn Bhd
Director	Amster Sdn Bhd ⁽²⁾	
Director	Integral Splendour Sdn Bhd ⁽³⁾	
Teh Theng Theng	Director	Langkah Bidang Sdn Bhd
	Alternate Director to Ir Teh Kiak Seng	Bremhill Development Sdn Bhd
	Alternate Director to Ir Teh Kiak Seng	Premcourt Development Sdn Bhd
	Alternate Director to Ir Teh Kiak Seng	Tokoh Permai Sdn Bhd ⁽¹⁾
	Alternate Director to Ir Teh Kiak Seng	Menara Phoenix Sdn Bhd ⁽¹⁾
	Alternate Director to Ir Teh Kiak Seng	Karya Cemerlang Sdn Bhd ⁽¹⁾
Alternate Director to Ir Teh Kiak Seng	Pridaman Sdn Bhd ⁽¹⁾	

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name Of Directors	Designation	Name Of Company
Thaw Yeng Cheong	Director	Legacy Wealth Management (M) Sdn Bhd
	Director	Legacy Advisory Sdn Bhd
Dato' Hong Yeam Wah	Director	Khor Ah Keow Sdn Bhd
	Director	NLE
	Director	Olympic Machining Sdn Bhd
	Director	Olympic Master Sdn Bhd
	Director	Om Plating Sdn Bhd
	Director	Tah-Wah
	Director	Poscon Sdn Bhd
	Director	ZD Tech Corporation Sdn Bhd
	Director	ZDGP Technology Sdn Bhd
	Director	Aljamas Sdn Bhd
	Director	Magnum Consortium Sdn Bhd
	Director	Project Daiman Sdn Bhd
	Director	Karya Cemrlang Sdn Bhd
	Director	Led Multimedia Sdn Bhd
Director	Bremhill Development Sdn Bhd	
Director	Northern Pagoda Sdn Bhd	
Dato' Mohamad Nadzim Bin Shaari	Director	Innovative Consult Technology Sdn Bhd
Ong Eng Choon	Independent Non-Executive Director	Chin Well Holdings Berhad
	Independent Non-Executive Director	Tek Seng Holdings Berhad
	Independent Non-Executive Director	Tejari Technologies Berhad ⁽⁴⁾
	Independent Non-Executive Director	Elsoft Research Berhad
	Independent Non-Executive Director	Public Packages Holdings Berhad
	Independent Non-Executive Director	Wimems Corporation Berhad ⁽⁵⁾
	Independent Non-Executive Director	Hiap Teck Venture Berhad ⁽⁶⁾
	Independent Non-Executive Director	Nagamas International Berhad
	Director	Bluenext Technology (M) Sdn Bhd
	Director	Corporatenet Sdn Bhd
	Director	JB Lau & Ong Tax Services Sdn Bhd
	Director	Lean Seang Motor Sdn Bhd
	Director	Strategic Acres Sdn Bhd
	Director	Cambridge Heart Surgery Specialist Sdn Bhd

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name Of Directors	Designation	Name Of Company
Ong Eng Choon (Cont'd)	Director	Splendid Spring Sdn Bhd ⁽⁶⁾
	Director	Swiss Profile (M) Sdn Bhd ⁽⁷⁾
	Director	Fastrack Corporate Services Sdn Bhd ⁽⁸⁾
	Managing Director	Taxnet Consultants Sdn Bhd
Yeoh Chong Keat	Independent Non-Executive Director	Lien Hoe Corporation Berhad
	Independent Non-Executive Director	Hiap Teck Venture Berhad ⁽⁹⁾
	Independent Non-Executive Director	Cheetah Holdings Berhad
	Independent Non-Executive Director	Key West Global Telecommunications Berhad
	Independent Non-Executive Director	Perduren (M) Berhad ⁽¹⁰⁾
	Non-Independent Non-Executive Director	Nagamas International Berhad
	President/CEO	Areher Corporate Services Sdn Bhd
	President/CEO	Archer Consulting Group Sdn Bhd
	President/CEO	Archer Tax Services Sdn Bhd ⁽¹¹⁾
	Director	World Web Services Sdn Bhd
	Director	Sherwood Hathaway Sdn Bhd
Director	KRTP Sdn Bhd	
Director	XOX Bhd	

Notes:

- (1) In the process of winding up.
- (2) Resigned on 9 July 2008.
- (3) Wound up as at the LPD.
- (4) Resigned on 22 July 2010.
- (5) Resigned on 8 May 2007.
- (6) Resigned on 4 January 2006.
- (7) Resigned on 16 November 2006.
- (8) Resigned on 30 July 2007.
- (9) Resigned on 17 July 2009.
- (10) Resigned on 15 March 2006.
- (11) Resigned on 11 May 2010.

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

10.2.4 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for their services rendered for FYE 31 December 2009, FYE 31 December 2010 and FYE 31 December 2011 is approximately RM0.74 million, RM0.90 million and RM1.2 million, respectively.

The range of aggregate remuneration and material benefits-in-kind of our Directors for the FYE 31 December 2009, FYE 31 December 2010 and FYE 31 December 2011 are as follows:

Directors	Remuneration band (RM) FYE 31 December		
	2009	2010 (Estimated)	2011 (Proposed)
Ir. Teh Kiak Seng	550,000 to 600,000	650,000 to 700,000	650,000 to 700,000
Teh Theng Theng	100,000 to 150,000	200,000 to 250,000	200,000 to 250,000
Thaw Yeng Cheong	-	100,000 to 150,000 *	150,000 to 200,000
Tsai Yung Chuan	-	0 to 50,000	0 to 50,000
Dato' Hong Yeam Wah	-	0 to 50,000	0 to 50,000
Dato' Mohamad Nadzim Bin Shaari	-	0 to 50,000	0 to 50,000
Ong Eng Choon	-	0 to 50,000	0 to 50,000
Yeoh Chong Keat	-	0 to 50,000	0 to 50,000

Note:

* Start from November 2010

Save as disclosed above, there is no contingent or deferred compensation payable to any of our Directors.

10.2.5 Directors' tenure of office

Our Directors have just been appointed to serve in office. The terms of office of our Directors are as follows:

Directors	Designation	Tenure of office	No. of years served in office
Tsai Yung Chuan	Non-Independent Non-Executive Chairman	*	<1
Ir. Teh Kiak Seng	Managing Director	**	<3
Teh Theng Theng	Executive Director	*	<1
Thaw Yeng Cheong	Executive Director	*	<1
Dato' Hong Yeam Wah	Non-Independent Non-Executive Director	*	<1
Dato' Mohamad Nadzim Bin Shaari	Independent Non-Executive Director	*	<1

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Directors	Designation	Tenure of office	No. of years served in office
Ong Eng Choon	Independent Non-Executive Director	*	<1
Yeoh Chong Keat	Independent Non-Executive Director	*	<1

Notes:

- * Subject to Article 93 of the Articles of Association of the Company, the Directors will retire from office at the forthcoming annual general meeting in 2011.
- ** Subject to Article 86 of the Articles of Association of the Company, the Director will retire from office at the forthcoming annual general meeting of the Company in 2012.

10.3 RELEVANT COMMITTEES

10.3.1 Audit Committee

The members of our Audit Committee are as follows:

Designation	Directors	Directorship
Chairman	Ong Eng Choon	Independent Non-Executive Director
Member	Yeoh Chong Keat	Independent Non-Executive Director
Member	Dato' Mohamad Nadzim Bin Shaari	Independent Non-Executive Director

The Audit Committee is responsible for recommending to our Board regarding selection of external auditors, reviewing the results and scope of audit and other services provided by our Group's external auditors as well as reviewing and evaluating our Group's internal audit and control functions. The Audit Committee is also responsible for financial risk assessment and matters relating to related party transactions and conflicts of interests. The Audit Committee may obtain advice from independent parties and other professionals in performing its duties.

10.3.2 Remuneration Committee

Designation	Directors	Directorship
Chairman	Dato' Mohamad Nadzim Bin Shaari	Independent Non-Executive Director
Member	Ir.Teh Kiak Seng	Managing Director
Member	Ong Eng Choon	Independent Non-Executive Director

The Remuneration Committee is responsible for recommending to our Board the remuneration framework for Executive Directors of our Group and assists our Board in ensuring that the remuneration of the Executive Directors reflects the performance, responsibility, experience and commitment of the Executive Directors concerned. Any Executive Directors on the Remuneration Committee, if appointed, abstains from deliberations in respect of his/her own remuneration. The determination of the remuneration of Non-Executive Directors is a matter for our Board as a whole.

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10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

10.3.3 Nomination Committee

Designation	Directors	Directorship
Chairman	Yeoh Chong Keat	Independent Non-Executive Director
Member	Tsai Yung Chuan	Non-Independent Non-Executive Chairman
Member	Ong Eng Choon	Independent Non-Executive Director

The Nomination Committee recommends to our Board suitable candidates for appointment as Directors to our Board as well as appointment of Directors to committees of our Board. It also reviews our Board's structure, size and composition and recommends to our Board the required mix skills and experience our Board requires in order to function completely and efficiently.

10.4 KEY MANAGEMENT PERSONNEL

10.4.1 Shareholdings

The details of our key management personnel's direct and indirect interests in our issued and paid-up share capital before and after the IPO are as follows:

Key management personnel	Designation/ Nationality	Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Neoh Sze Tsin	Finance and Administration Manager/ Malaysian	-	-	-	-	60,000	0.03	-	-
Ooi Boon Ewe	Project Manager/ Malaysian	-	-	-	-	200,000	0.09	-	-
Seow Li Fung	Contracts Manager/ Malaysian	-	-	-	-	17,000	0.01	-	-
Chew Yoke Hoon	Sales Manager/ Malaysian	-	-	-	-	3,000	*	-	-
Teh Peng Peng	Property Investment Manager/ Malaysian	-	-	-	-	53,000	0.02	-	-

Note:

- * Negligible

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10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

10.4.2 Profile of key management personnel

(i) Neoh Sze Tsin

Neoh Sze Tsin, aged 28, is our Finance and Administration Manager. He is a member of the Association of Chartered Certified Accountants ("ACCA"). He started his career in audit with UHY in 2002 as an Audit Assistant and he left as an Assistant Manager before he joined Tejari Technologies Berhad, a company listed on the MESDAQ Market of Bursa Securities, in 2007 as Internal Audit and Risk Management Manager. Subsequently, he left Tejari Technologies Berhad in March 2008 and joined Tokoh Edaran.

His experience includes providing assurance and consulting services to public listed and local corporations involved in industry sectors ranging from property development, construction, manufacturing and trading.

(ii) Ooi Boon Ewe

Ooi Boon Ewe, aged 34, started his career in CAA Engineering Consultancy after graduating from University of Manitoba, Canada as a Civil and Structural Engineer with the academic award of Dean's Honor List in 2000. He was then involved with design work and site coordination. He is also experienced in most types of foundation design including spun piles, micro piles and caisson foundation.

His involvement in property development started in 2003 when he managed and completed a few projects under Ching Boon Development Sdn Bhd. In July 2010, he joined Tambun Indah as Project Manager.

(iii) Kenny Sin Boon Kean

Kenny Sin Boon Kean, aged 34, joined Tambun Indah as Project Manager in September 2010. Having graduated with a Degree in Civil Engineering with Honours from University Technology Malaysia in April 2000, he began his career as Site Engineer with Khas Corporation Sdn Bhd in Johor. In June 2002, he joined Putra Perdana Construction Sdn Bhd as a Site Engineer and was involved in infrastructure supervision work at Putrajaya.

He subsequently went back to Penang and joined Hunza Properties (North) Sdn Bhd in 2005 as Resident Engineer. He was engaged by Plentitude Heights Sdn Bhd in August 2008 as Senior Project Executive and was involved in project management duties before joining Tambun Indah.

(iv) Lim Choon Hock

Lim Choon Hock, aged 55, is our Quality Control Manager. He started his career as Site Surveyor with United Surveyors from April 1975 to October 1980 and then joined Seng Seng Construction Sdn Bhd building contractors from December 1980 to January 1984. From then onwards, he was actively involved in construction works. In April 1984, he was engaged by Pembinaan Rahim Sdn Bhd for construction works in the Penang Bridge and Terengganu Bridgeworks projects.

From 1998 until June 2010, he worked for Takenaka (M) Sdn Bhd, a reputable international Japanese contractor and was responsible for management of construction works for several factories as well as Tesco and Jusco buildings in Penang, Kuala Lumpur and Johor Bahru.

His experience includes coordination and supervision of civil and Mechanical & Electrical construction works as well as quality control issues. He is presently employed as head of Quality Control Division in Tambun Indah.

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

(v) Seow Li Fung

Seow Li Fung, aged 29, is our Contracts Manager. She obtained a Diploma in Quantity Surveying from Tunku Abdul Rahman College ("TARC"), Kuala Lumpur in 2002. After graduating with an Advanced Diploma in Building from TARC, she furthered her studies at the University of Sheffield Hallam, United Kingdom and graduated with a BSe (Hons) in Construction Management in 2004.

She began her career in the housing development field by joining Hunza Properties Berhad in 2004. After gaining one year of working experience, she joined Tokoh Permai Sdn Bhd and in January 2007 she joined Tokoh Edaran. She was promoted as Contracts Manager in September 2010.

(vi) Chew Yoke Hoon

Chew Yoke Hoon, aged 39, is our Sales Manager. She started her career as a bank teller in 1990 with United Overseas Bank ("UOB") in Singapore and was promoted to an officer in 1995. During her 5 years in the banking service, she gained fairly wide experience in trading financing, administration and documentation processing.

She returned to Malaysia in 1995 and joined Hong Leong Bank Berhad as a Personal Finance Consultant and was awarded Sales Leadership Award in 1996 before joining Tambun Indah SB in 1997, and through her years of service with us, she was promoted as Sales Manager in June 2008.

(vii) Teh Peng Peng

Teh Peng Peng, aged 44, is our Property Investment Manager. She graduated with a Bachelor's Degree in Business majoring in Accountancy from Edith Cowan University on 20 February 1991. She began her career as an Auditor with 2 audit firms, Ahmad Abdullah & Goh in 1992 and Ernst & Young in 1993 to 1995. In 1995, Teh Peng Peng obtained her Certified Practising Accountant (CPA) and in 2001, she obtained her Chartered Accountant (Malaysia) (CA). Her experience includes providing advice to client for internal control and auditing different types of industries.

She joined Langstone in 1995. She is currently managing the investment holdings division of our Group and is responsible for the dealing in investment holdings such as purchasing, disposing, leasing and renting of our Group's investment properties.

10.5 INVOLVEMENT OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL IN OTHER PRINCIPAL BUSINESSES

Save for the following, none of the Executive Directors and key management personnel of our Group are involved in other principal businesses.

(i) Ir. Teh Kiak Seng

<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>
Siram Permai	Investment holding in shares and properties	He is a director and shareholder of the company. This company has minimal business operation. Therefore, his involvement and time spent is very minimal. Thus, this will not affect his responsibilities as the Managing Director of our Group. Siram Permai is also our substantial shareholder.

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>
Karya Cemerlang Sdn. Bhd.	Property development	<p>He is a director of the company and deemed interested in the company by virtue of his shareholdings in Siram Permai pursuant to Section 6A of the Act.</p> <p>He is also involved in the day-to-day operations of the company. However, the company is in the process of being wound-up. Thus, this will not affect his responsibilities as the Managing Director of our Group.</p>
Tokoh Permai Sdn. Bhd.	Construction of buildings	<p>He is a director of the company and deemed interested in the company by virtue of his shareholdings in Siram Permai pursuant to Section 6A of the Act.</p> <p>He is also involved in the day-to-day operations of the company. However, the company is in the process of being wound-up. Thus, this will not affect his responsibilities as the Managing Director of our Group.</p>
Menara Phoenix Sdn. Bhd.	Property development	<p>He is a director and shareholder of the company. He is also involved in the day-to-day operations of the company. However, the company is in the process of being wound-up. Thus, this will not affect his responsibilities as the Managing Director of our Group.</p>
Celestron Industry Sdn. Bhd.	Investment holding in property	<p>He is a director and shareholder of the company. However, as at the LPD, the company is dormant and thus will not affect his responsibilities as the Managing Director of our Group.</p>
GTP Consultants Sdn. Bhd.	Civil and structural consultant engineering	<p>He is a director and shareholder of the company and is not involved in the day-to-day operations of the company. Thus, this will not affect his responsibilities as the Managing Director of our Group.</p>
Fortune Villa Sdn. Bhd.	Investment holding in shares	<p>He is a shareholder of the company and is not involved in the day-to-day operations and management of the company. The company is in the process of being wound-up. Thus, this will not affect his responsibilities as the Managing Director of our Group.</p>

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Company	Principal activities	Involvement
Wirajaya Impiana Sdn Bhd	Investment holding in shares	He is a shareholder of the company and is not involved in the day-to-day operations and management of the company. Thus, this will not affect his responsibilities as the Managing Director of our Group.
GTP Jurutera Perunding Sdn. Bhd.	Civil and structural consultant engineering	He is a director and shareholder of the company. The company has not been active since 1993 and is also in the process of being wound-up. Thus, this will not affect his responsibilities as the Managing Director of our Group.
Pridaman Sdn Bhd	Property development	He is a director of the company and deemed interested in the company by virtue of his shareholdings in Siram Permai pursuant to Section 6A of the Act. He is also involved in the day-to-day operations of the company. However, the company's project has been completed in 2007 and is dormant as at the LPD. Thus, this will not affect his responsibilities as the Managing Director of our Group.
Bremhill Development Sdn Bhd	Property development	He is a director of the company and deemed interested in the company by virtue of his shareholdings in Siram Permai pursuant to Section 6A of the Act. He is also involved in the day-to-day operations of the company. However, as at the LPD, the company is dormant and thus will not affect his responsibilities as the Managing Director of our Group.
Premcourt Development Sdn Bhd	Property development	He is a director of the company and deemed interested in the company by virtue of his shareholdings in Siram Permai pursuant to Section 6A of the Act. He is also involved in the day-to-day operations of the company. However, as at the LPD, the company is dormant and thus will not affect his responsibilities as the Managing Director of our Group.

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>
Ikhtiar Bitara Sdn Bhd	Property development	He is a director of the company and deemed interested in the company by virtue of his shareholdings in Siram Permai pursuant to Section 6A of the Act. He is also involved in the day-to-day operations of the company. However, as at the LPD, the company is dormant and thus will not affect his responsibilities as the Managing Director of our Group.
GTP Project Management Sdn Bhd	Project management consultant	He is a director of the company and shareholder of the company and is also involved in the day-to-day operations of the company. However, as at the LPD, the company is dormant and thus will not affect his responsibilities as the Managing Director of our Group.
Palmsfield Sdn Bhd	Investment holding in properties	He is a director and shareholder of the company and is not involved in the day-to-day operations and management of the company. Thus, this will not affect his responsibilities as the Managing Director of our Group.
(ii) Teh Theng Theng		
<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>
Langkah Bidang Sdn Bhd	Money lending	She is a director and shareholder of the company. This company has minimal business operation. Therefore, her involvement and time spent is very minimal. Thus, this will not affect her responsibilities as an Executive Director of our Group.
Tokoh Permai Sdn Bhd	Construction of building	She is an alternate director to Ir. Teh Kiak Seng and is also involved in the day-to-day operations of the company. However, the company is in the process of being wound-up. Thus, this will not affect her responsibilities as an Executive Director of our Group.

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Company	Prineipal activities	Involvement
Menara Phoenix Sdn Bhd	Property development	She is an alternate director to Ir. Teh Kiak Seng and is also involved in the day-to-day operations of the company. However, the company is in the process of being wound-up. Thus, this will not affect her responsibilities as an Executive Director of our Group.
Karya Cemerlang Sdn. Bhd.	Property development	She is an alternate director to Ir. Teh Kiak Seng and is also involved in the day-to-day operation of the company. However, the company is in the process of being wound-up. Thus, this will not affect her responsibilities as an Executive Director of our Group.
Pridaman Sdn Bhd	Property development	She is an alternate director to Ir. Teh Kiak Seng and is also involved in the day-to-day operations of the company. However, the company's project has been completed in 2007 and is dormant as at the LPD. Thus, this will not affect her responsibilities as the Executive Director of our Group.
Bremhill Development Sdn Bhd	Property development	She is an alternate director to Ir. Teh Kiak Seng and is also involved in the day-to-day operations of the company. However, as at the LPD, the company is dormant and thus will not affect her responsibilities as the Executive Director of our Group.
Premcourt Development Sdn Bhd	Property development	She is an alternate director to Ir. Teh Kiak Seng and is also involved in the day-to-day operations of the company. However, as at the LPD, the company is dormant and thus will not affect her responsibilities as the Executive Director of our Group.

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10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

	<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>
	Sound Vantage Sdn Bhd	Investment holding	She is a shareholder of the company and is not involved in the day-to-day operations and management of the company. Thus, this will not affect her responsibilities as the Executive Director of our Group.
(iii)	Thaw Yeng Cheong		
	<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>
	Legacy Wealth Management (M) Sdn. Bhd.	Financial planning	He is a director and shareholder of the company and is not involved in the day-to-day operations and management of the company. Thus, this will not affect his responsibilities as the Executive Director of our Group.
	Legacy Advisory Sdn Bhd	Financial advisory services	He is a director of the company and is not involved in the day-to-day operations and management of the company. Thus, this will not affect his responsibilities as the Executive Director of our Group.
(iv)	Ooi Boon Ewe		
	<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>
	Ching Boon Development Sdn Bhd	Property development	He is a director of the company and is involved in the day-to-day operations of the company. However, the company's project has been completed in 2007 and is dormant as at the LPD. Thus, this will not affected his responsibilities as the Project Manager of our Group.
	Turves Construction Sdn Bhd	Construction of building	He is a director of the company and is involved in the day-to-day operations of the company. However, the company's project has been completed in 2007 and is dormant as at the LPD. Thus, this will not affected his responsibilities as the Project Manager of our Group.

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10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>
Ascention Sdn Bhd	Property development	He is a director of the company and is involved in the day-to-day operations of the company. However, as at the LPD, the company is dormant and thus will not affect his responsibilities as the Project Manager for our Group.

(v) **Teh Peng Peng**

<u>Company</u>	<u>Principal activities</u>	<u>Involvement</u>
Sound Vantage Sdn Bhd	Investment holding	She is a shareholder of the company and is not involved in the day-to-day operations and management of the company. Thus, this will not affect her responsibilities as the Property Investment Manager of our Group.

Ir. Teh Kiak Seng, Teh Theng Theng, Thaw Yeng Cheong, Ooi Boon Ewe and Teh Peng Peng's involvements in other investments in other businesses and corporations are not expected to have any material effect on their contributions to our Group.

10.6 DECLARATION FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

None of the Promoters, Directors and key management personnel is or was involved in the following events (whether in or outside Malaysia):

- (a) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- (b) Such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation; or
- (c) Such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (d) Any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) Such person was the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

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10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

10.7 FAMILY RELATIONSHIPS

Save as disclosed below, there are no other family relationships (as defined under Section 122A of the Act) or associations between our substantial shareholders, Promoters, Directors and key management personnel:

- (a) Ir. Teh Kiak Seng, our Promoter, Managing Director and substantial shareholder, Teh Theng Theng, our Executive Director and Teh Peng Peng, our Property Investment Manager are siblings.
- (b) Tsai Yung Chuan, our Promoter, Non-Independent Non-Executive Chairman and substantial shareholder is the husband to Tsai Chang Hsiu-Hsiang, our Promoter and substantial shareholder and is the father to Tsai Chia Ling, our Promoter and substantial shareholder.

10.8 SERVICE AGREEMENTS

As at the LPD, none of our Directors and key management personnel has any existing or proposed service agreements with our Group.

10.9 MANAGEMENT AND EMPLOYEES

Our Directors are supported by a team of qualified management staff who are experienced in their respective fields. As at the LPD, our Group has a total workforce of 43 employees and does not have any contractual/temporary employees. The loyalty and dedication of the senior management and employees of our Group throughout the years will continue to contribute to our Group's future growth.

Category of employees	Number of employees	Length of service		
		< 5 years	5 - 10 years	> 10 years
Managing Director	1	-	-	1
Executive Directors	2	1	-	1
Managerial	12	7	3	2
Professional / Technical	7	7	-	-
Administrative, Sales and Clerical	21	18	2	1
Total	43	33	5	5

The breakdowns of the total number of our employees as at the end of the past 3 FYE 31 December 2007 to 2009 are as follows:

- (i) As at end of FYE 31 December 2009

Category of employees	Number of employees			Total of employees
	Less than 1 year	1 - 5 years	More than 5 years	
Managing Director	1	-	-	1
Executive Directors	-	-	-	-
Managerial	10	3	3	4
Professional / Technical	4	4	-	-
Administrative, Sales and Clerical	20	16	4	-
Total	35	23	7	5

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

(ii) As at end of FYE 31 December 2008

Category of employees	Number of employees			Total of employees
	Less than 1 year	1 - 5 years	More than 5 years	
Managing Director	1	-	-	1
Executive Directors	-	-	-	-
Managerial	8	3	2	3
Professional / Technical	4	4	-	-
Administrative, Sales and Clerical	21	15	5	1
Total	34	22	7	5

(iii) As at end of FYE 31 December 2007

Category of employees	Number of employees			Total of employees
	Less than 1 year	1 - 5 years	More than 5 years	
Managing Director	1	-	-	1
Executive Directors	-	-	-	-
Managerial	3	1	-	2
Professional / Technical	5	3	1	1
Administrative, Sales and Clerical	19	13	4	2
Total	28	17	5	6

None of our Group's employees are represented by any union and there have not been any major disputes between the management and our employees in the past. We have always enjoyed cordial relationships with our employees.

10.9.1 Training and development programmes

We recognise the importance of our employees and place strong emphasis on human resource development to maintain a competent and dynamic workforce. Our training policies are geared towards ensuring that the knowledge and skills of our employees remain relevant in the rapidly changing environment.

Some of the past and current external training programmes undertaken by the employees of our Group are as follows:

External training programmes	Organised By
1. Tax- property developer & construction industries	UHY
2. Budget proposals and tax incentives	Inland Revenue Board
3. Housing Development (Control & Licensing) (Amendment) Act 2007	REHDA Malaysia
4. Sales --Achieving Win-Win Sales Negotiation	XcelLearn Resources
5. Amendments to the Housing Development Act & Related Acts	Jawatankuasa Peguam Pulau Pinang

10. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

External training programmes	Organised By
6. Housing Development Act & Strata Titles Act	BHL Property Consultants
7. Improving Housing Delivery System	REHDA Malaysia
8. Future for Malaysian Communities	Pertubuhan Akitek Malaysia
9. Engineering Conference	The Institution of Engineers, Malaysia
10. Seminar of Post Budget Review	ACCA Malaysia Sdn. Bhd
11. Property point-of-sales communication for competitive edge training	Track One Marketing Services
12. 2009 Budget Seminar	Taxnet Consultants Sdn. Bhd
13. Excavation & retaining walls	The Institution Of Engineers, Malaysia
14. Study Tour To Singapore 2009 on luxury property sector	REHDA Institute
15. Strategizing Sustainable Growth & Prosperity	Socio-Economic And Environmental Research Institute
16. Tax planning for land transactions & property development	RTC Consulting Sdn. Bhd
17. Update of Financial Reporting Standards in Malaysia 2010 version	UHY
18. Marketing High –End Properties	Track One Marketing Services
19. Understanding Generally Accepted Accounting Practice in Malaysia CPD event	ACCA Malaysia Sdn. Bhd
20. Workshop on improving OSC Delivery System for simultaneous application for planning permission and land development	REHDA Penang
21. Update on incentives & benefits of going green	PAM Northern Chapter

10.9.2 Management succession plan

Our Group recognises the importance of continuity in management to maintain its competitive edge. In this regard, our Group is committed to continuously provide sufficient training, impart and upgrade the knowledge, skills and competency of its personnel to gradually assume the responsibilities of the senior management.

At present, our Executive Directors are supported by our key management personnel team, who manage daily operational matters of our Group. Our Group is conscious of the need to constantly groom suitable staff by encouraging participation in management discussions. In addition, our staff is given the responsibility in various aspects of the business activities in order to ensure that they have a full understanding of the responsibilities and decision making process and be equipped with the knowledge necessary for them to succeed key management personnel positions in due course.

Our Directors are of the views that close supervision and guidance on our Group's staff is a crucial step for our Group to groom its next generation of key management personnel. By having a pool of skilled and experienced staff, and an established system of operation in place, our Directors are of the view that disruptions to the operations of our Group will be minimal in the event of departure of any of its existing Executive Directors and/or key management personnel.

The appointment of the senior management level especially appointment of Executive Directors and Project Managers are based on their competency and experiences. Teh Theng Theng has been with the Group since 1995 and is highly experienced in marketing, administrative and financial matters, while Thaw Yeng Cheong has been in the property industry over 28 years which will contribute valuable expertise to the Group.

11. APPROVALS AND CONDITIONS

11.1 APPROVALS FROM RELEVANT AUTHORITIES

Our Listing is subject to the following approvals being obtained:

- (a) the SC, pursuant to Section 212(5) of the CMSA, which was obtained vide its letter dated 12 October 2010;
- (b) the SC under the Equity Requirements for Public Companies, which was obtained vide its letter dated 12 October 2010;
- (c) the MITI, for the listing and allocation of the Offer Shares to approved Bumiputera investors pursuant to the Offer for Sale, which was obtained vide its letter dated 31 July 2010; and
- (d) Bursa Securities, for the admission to the Official List and listing of and quotation for the entire enlarged issued and paid-up share capital of Tambun Indah on the Main Market of Bursa Securities, which was obtained vide its letter dated 14 December 2010.

11.2 CONDITIONS AND APPROVALS

11.2.1 Conditions imposed by the SC

Details of conditions imposed by the SC

Status of compliance

- (i) MIMB/Tambun Indah to ensure that the resultant audited NTA of the Group's Subsidiaries after the payment of the proposed special dividend would not be less than their respective adjusted audited NTAs as at 31 December 2009 after the capitalisation of shareholders' advances and dividend payment. In this regard, MIMB and Tambun Indah are to also confirm that the payment of the special dividend would not have a significant adverse effect on the financial and liquidity position of the Tambun Indah Group in carrying out its business operations.

Met. The resultant audited NTA of the Group's Subsidiaries after the payment of the special dividend was not less than their respective adjusted audited NTA as at 31 December 2009 after the capitalisation of shareholders' advance and dividend payment. In addition, the payment of the special dividend would not have a significant adverse effect on the financial and liquidity position of the Tambun Indah Group in carrying out its business operations.
- (ii) The following promoters' shares in Tambun Indah are subject to moratorium for 6 months from the admission date of Tambun Indah to the Official List of the Main Market of Bursa Securities:

To be complied.

Promoters	No. of shares to be held under moratorium	% of enlarged share capital
Amal Pintas	22,951,105	10.39
Siram Permai	89,250,001	40.39
Tah-Wah	19,853,898	8.98
Ir. Teh Kiak Seng	4,955,974	2.24
Total	137,010,978	62.00

- (iii) Tambun Indah allocating 27,625,000 of the shares to the Bumiputera investors, including the shares offered under the balloted public offer portion, in which 50% are to be offered to the retail Bumiputera investors. In the event that Tambun Indah/MITI is unable to allocate the shares to the potential Bumiputera investors, the unsubscribed shares shall be offered to the Bumiputera public investors via balloting.

Met. Tambun Indah had allocated 27,625,000 Shares to the Bumiputera investors comprising 22,100,000 Offer Shares and 50% of the 11,050,000 Public Issue Shares allocated for application by the Malaysian public. In the event that Tambun Indah or the MITI is unable to allocate the Offer Shares to potential Bumiputera investors, the unsubscribed Offer Shares shall be offered to the Bumiputera public investors via balloting.

11. APPROVALS AND CONDITIONS

Details of conditions imposed by the SC	Status of compliance
--	-----------------------------

- | | |
|---|-----------------|
| (iv) MIMB/Tambun Indah to fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the proposal. | Noted. |
| (v) MIMB/Tambun is required to inform the SC upon completion of the proposals. | To be complied. |
| (vi) The SC noted the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in Tambun Indah would change arising from the implementation of the proposal, as follows: | To be complied. |

Shareholders	Before proposal (%)	After proposal (%)
Bumiputera	-	12.50
Non-Bumiputera	100.00	87.50
Foreign	-	-
Total	100.00	100.00

11.2.2 Conditions imposed by the MITI

Details of conditions imposed by the MITI	Status of compliance
--	-----------------------------

- | | |
|--|--|
| (i) To obtain approval from the SC on the Listing scheme. | Complied via a letter of approval from the SC dated 12 October 2010. |
| (ii) Allocation of 22,100,000 Offer Shares or 10% of our enlarged issued and paid-up share capital to Bumiputera investors pursuant to the Listing is subject to the approval of the MITI after obtaining the SC's approval. | Complied via a letter from the MITI dated 29 November 2010. |

11.3 MORATORIUM ON SHARES

In accordance with the SC Guidelines, our Promoters will not be allowed to sell, transfer or assign its entire shareholdings for 6 months from the date of our admission to the Official List of the Main Market of Bursa Securities.

Our Promoters' Shares that are subject to the moratorium are as follows:

Promoters	After the IPO	
	No. of Shares to be held under moratorium	% of enlarged share capital
Amal Pintas	22,951,105	10.39
Siram Permai	89,250,001	40.39
Tah-Wah	19,853,898	8.98
Ir. Teh Kiak Seng	4,955,974	2.24
Total	137,010,978	62.00

The restriction, which is fully accepted by the above Promoters, are specifically endorsed on the share certificates representing the shareholding of each Promoter which is under moratorium to ensure that our share registrar does not register any transfer not in compliance with the restriction imposed by the SC.

In addition, our Promoters have also provided undertakings that they shall comply with the abovementioned terms relating to the sale of their Shares under moratorium as outlined above.

12. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST**12.1 RELATED PARTY TRANSACTIONS**

Saved as disclosed below, our Group does not enter into any related party transactions involving the interests, direct or indirect, of our Promoters, Directors, substantial shareholders, key management personnel and/or persons connected with them within the past 3 FYE 31 December 2007 to 2009 and as at the LPD, immediately preceding the date of this Prospectus:

Companies within the Group	Transacting parties	Interested related parties	Nature of transaction	Value of transaction			As at LPD (RM'000)
				FYE 2007 (RM'000)	FYE 2008 (RM'000)	FYE 2009 (RM'000)	
Tambun Indah Development	Pembangunan Mutiara	Pembangunan Mutiara ⁽¹⁾	Acquisition of land (Parcel A) *	-	29,579	-	-
Tambun Indah Development	Pembangunan Mutiara	Pembangunan Mutiara ⁽¹⁾	Acquisition of land (Parcel B) *	-	-	-	40,249
Hong Hong	Teh Peng Peng Quah Tee Peng	Teh Peng Peng ⁽²⁾⁽³⁾ Quah Tee Peng ⁽¹⁾	Purchase of property from Hong Hong	345	-	-	-
Hong Hong	Chew Chee Meng	Chew Chee Meng ⁽⁴⁾	Purchase of property from Hong Hong	334	-	-	-
Hong Hong	Loh Chin Chang	Loh Chin Chang ⁽⁵⁾	Purchase of property from Hong Hong	334	-	-	-
Hong Hong	Teh Eng Chiut Lim Geok Khim	Teh Eng Chiat ⁽²⁾⁽⁶⁾ Lim Geok Khim ⁽⁶⁾	Purchase of property from Hong Hong	514	-	-	-
Hong Hong	Ooi Yen Hwa	Ooi Yen Hwa ⁽⁷⁾	Purchase of property from Hong Hong	391	-	-	-
Hong Hong	Ir. Teh Kiak Seng	Ir. Teh Kiak Seng ⁽⁷⁾	Purchase of property from Hong Hong	345	-	-	-
Hong Hong	Tah-Wah	Tah-Wah	Purchase of property from Hong Hong	391	-	-	-
Hong Hong	Tah-Wah	Tah-Wah	Purchase of property from Hong Hong	345	-	-	-
Hong Hong	Tah-Wah	Tah-Wah	Purchase of property from Hong Hong	476	-	-	-
Hong Hong	Teh Theng Theng Seto Boon Kheang	Teh Theng Theng ⁽²⁾⁽⁸⁾ Seto Boon Kheang ⁽⁸⁾	Purchase of property from Hong Hong	-	-	476	-
Juru Heights	Ir. Teh Kiak Seng	Ir. Teh Kiak Seng ⁽⁷⁾	Purchase of property from Juru Heights	119	-	-	-
Juru Heights	Teh Eng Teik	Teh Eng Teik ⁽²⁾	Purchase of property from Juru Heights	-	-	133	-
Juru Heights	Wong Kar Wai Teh Ching Ching	Wong Kar Wai ⁽⁹⁾ Teh Ching Ching ⁽²⁾⁽⁹⁾	Purchase of property from Juru Heights	-	-	133	-
Juru Heights	Ir. Teh Kiak Seng	Ir. Teh Kiak Seng ⁽⁷⁾	Purchase of property from Juru Heights	-	-	-	274

12. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST

Companies within the Group	Transacting parties	Interested related parties	Nature of transaction	Value of transaction			As at LPD (RM'000)
				FYE 2007 (RM'000)	FYE 2008 (RM'000)	FYE 2009 (RM'000)	
Juru Heights	Amal Pintas	Amal Pintas	Purchase of property from Juru Heights	-	-	-	133
Juru Heights	Amal Pintas	Amal Pintas	Purchase of property from Juru Heights	-	-	-	133
Juru Heights	Amal Pintas	Amal Pintas	Purchase of property from Juru Heights	-	-	-	133
Juru Heights	Amal Pintas	Amal Pintas	Purchase of property from Juru Heights	-	-	-	133
Juru Heights	Palmsfield Sdn. Bhd.	Ir. Teh Kiak Seng (2)(19)	Purchase of property from Juru Heights	-	-	-	133
Juru Heights	Palmsfield Sdn. Bhd.	Ir. Teh Kiak Seng (2)(19)	Purchase of property from Juru Heights	-	-	-	275
Juru Heights	Ooi Yen Hwn	Ir. Teh Kiak Seng (2)(7)	Purchase of property from Juru Heights	-	-	-	231
Juru Heights	Teh Deng Zui	Ir. Teh Kiak Seng (2)(11)	Purchase of property from Juru Heights	-	-	-	133
Juru Heights	Teh Deng Wei	Ir. Teh Kiak Seng (2)(11)	Purchase of property from Juru Heights	-	-	-	133
Tokoh Edaran	Ir. Teh Kiak Seng	Ir. Teh Kiak Seng (2)	Purchase of property from Tokoh Edaran	348	-	-	-
Tokoh Edaran	Ir. Teh Kiak Seng	Ir. Teh Kiak Seng (2)	Purchase of property from Tokoh Edaran	-	-	-	449
Tokoh Edaran	Teh Eng Teik	Teh Eng Teik (2)	Purchase of property from Tokoh Edaran	-	-	353	-
Tokoh Edaran	Wong Kar Wai Teh Ching Ching	Wong Kar Wai (9) Teh Ching Ching (2)(19)	Purchase of property from Tokoh Edaran	-	-	353	-
Tokoh Edaran	Amal Pintas	Amal Pintas	Purchase of property from Tokoh Edaran	-	-	-	429
Tokoh Edaran	Amal Pintas	Amal Pintas	Purchase of property from Tokoh Edaran	-	-	-	429
Tokoh Edaran	Amal Pintas	Amal Pintas	Purchase of property from Tokoh Edaran	-	-	-	429
Tokoh Edaran	Amal Pintas	Amal Pintas	Purchase of property from Tokoh Edaran	-	-	-	429
Tokoh Edaran	Palmsfield Sdn. Bhd.	Ir. Teh Kiak Seng (2)(19)	Purchase of property from Tokoh Edaran	-	-	-	353
Tokoh Edaran	Palmsfield Sdn. Bhd.	Ir. Teh Kiak Seng (2)(19)	Purchase of property from Tokoh Edaran	-	-	-	380

12. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST

Companies within the Group	Transacting parties	Interested related parties	Nature of transaction	Value of transaction			As at LPD (RM'000)
				FYE 2007 (RM'000)	FYE 2008 (RM'000)	FYE 2009 (RM'000)	
Tokoh Edaran	Ooi Yen Hwa	Ir Teh Kiak Seng (a)(7)	Purchase of property from Tokoh Edaran	-	-	-	426
Tokoh Edaran	Teh Deng Zui	Ir Teh Kiak Seng (a)(11)	Purchase of property from Tokoh Edaran	-	-	-	380
Tokoh Edaran	Teh Deng Wci	Ir Teh Kiak Seng (a)(11)	Purchase of property from Tokoh Edaran	-	-	-	380

Notes:

- *The details of the development of Parcel A and B are as set out in Sections 6.3.13 and 6.21.2 of this Prospectus.*
- (1) *Pembangunan Mutiara holds 30% equity interest in Tambun Indah Development and is a wholly-owned subsidiary of Mutiara Goodyear Development Berhad, a company listed on the Main Market of Bursa Securities.*
- (2) *Ir. Teh Kiak Seng, our substantial shareholder and Managing Director, Teh Theng Theng, our Executive Director, Teh Peng Peng, our Property Investment Manager, Teh Eng Bew, Teh Ching Ching, Teh Eng Teik and Teh Eng Chiat are siblings.*
- (3) *Quah Tee Peng is the spouse of Teh Peng Peng and the brother-in-law of Ir. Teh Kiak Seng, our substantial shareholder and Managing Director and Teh Theng Theng, our Executive Director.*
- (4) *Chew Chee Meng was our Project Manager who had resigned from Tambun Indah effective from 4 November 2010.*
- (5) *Loh Chin Chang was our Senior Project Manager who had resigned from Tambun Indah effective from 5 July 2010.*
- (6) *Lim Geok Khim is the spouse of Teh Eng Chiat and the sister-in-law of Ir. Teh Kiak Seng, our substantial shareholder and Managing Director and Teh Theng Theng, our Executive Director.*
- (7) *Ooi Yen Hwa is the spouse of Ir. Teh Kiak Seng, our substantial shareholder and Managing Director.*
- (8) *Seto Baon Kheong is the spouse of Teh Theng Theng, our Executive Director and the brother-in-law of Ir. Teh Kiak Seng, our substantial shareholder and Managing Director.*
- (9) *Wang Kor Woi is the spouse of Teh Ching Ching and the brother-in-law to Ir. Teh Kiak Seng, our substantial shareholder and Managing Director and Teh Theng Theng, our Executive Director.*
- (10) *Polmsfield Sdn Bhd is a company which our Managing Director, Ir. Teh Kiak Seng has interest.*
- (11) *Teh Deng Zui and Teh Deng Wei are sons of Ir. Teh Kiak Seng, our substantial shareholder and Managing Director.*

Save for discounts granted to the employees and shareholders of the Group, the above related party transactions were carried out on an arm's length basis and on normal commercial terms which are not more favourable than those generally available to the public and will not be detrimental to our minority shareholders.

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12. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST**12.2 INTEREST IN SIMILAR BUSINESS**

Save as disclosed below, as at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade as our Group, or are the customers and/or suppliers of the Group.

Directors/ Substantial shareholders	Name of company	Principal activities	Equity Interest	
			Direct %	Indirect %
Siram Permai	Tokoh Permai Sdn Bhd	Construction of building	40	-
Amal Pintas	Tokoh Permai Sdn Bhd	Construction of building	30	-
Ir. Teh Kiak Seng	Tokoh Permai Sdn Bhd	Construction of building	-	40 ⁽¹⁾
Tsai Yung Chuan	Tokoh Permai Sdn Bhd	Construction of building	-	30 ⁽²⁾
Tsai Chang Hsiu-Hsiang	Tokoh Permai Sdn Bhd	Construction of building	-	30 ⁽²⁾
Tsai Chia Ling	Tokoh Permai Sdn Bhd	Construction of building	-	30 ⁽²⁾
Siram Permai	Karya Cemerlang Sdn Bhd	Property development	35	-
Amal Pintas	Karya Cemerlang Sdn Bhd	Property development	10.63	-
Tah-Wah	Karya Cemerlang Sdn Bhd	Property development	25	-
Ir. Teh Kiak Seng	Karya Cemerlang Sdn Bhd	Property development	-	35 ⁽¹⁾
Tsai Yung Chuan	Karya Cemerlang Sdn Bhd	Property development	-	10.63 ⁽²⁾
Tsai Chang Hsiu- Hsiang	Karya Cemerlang Sdn Bhd	Property development	-	10.63 ⁽²⁾
Tsai Chia Ling	Karya Cemerlang Sdn Bhd	Property development	-	10.63 ⁽²⁾
Dato' Hong Yeam Wah	Karya Cemerlang Sdn Bhd	Property development	-	25 ⁽¹⁾
Siram Permai	Menara Phoenix Sdn Bhd	Property development	25	-
Ir. Teh Kiak Seng	Menara Phoenix Sdn Bhd	Property development	15	25 ⁽¹⁾
Tsai Yung Chuan	Menara Phoenix Sdn Bhd	Property development	15	-
Siram Permai	Pridaman Sdn Bhd	Property development	45	-
Amal Pintas	Pridaman Sdn Bhd	Property development	40	-
Ir. Teh Kiak Seng	Pridaman Sdn Bhd	Property development	-	40 ⁽¹⁾
Tsai Yung Chuan	Pridaman Sdn Bhd	Property development	-	40 ⁽²⁾
Tsai Chang Hsiu- Hsiang	Pridaman Sdn Bhd	Property development	-	40 ⁽²⁾
Tsai Chia Ling	Pridaman Sdn Bhd	Property development	-	40 ⁽²⁾
Siram Permai	Bremhill Development Sdn Bhd	Property development	50	-

12. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST

Directors/ Substantial shareholders	Name of company	Principal activities	Equity Interest	
			Direct %	Indirect %
Tah-Wah	Bremhill Development Sdn Bhd	Property development	50	-
Ir. Teh Kiak Seng	Bremhill Development Sdn Bhd	Property development	-	50 ⁽¹⁾
Dato' Hong Yeam Wah	Bremhill Development Sdn Bhd	Property development	-	50 ⁽³⁾
Siram Permai	Premcourt Development Sdn Bhd	Property development	50	-
Tah-Wah	Premcourt Development Sdn Bhd	Property development	50	-
Ir. Teh Kiak Seng	Premcourt Development Sdn Bhd	Property development	-	50 ⁽¹⁾
Dato' Hong Yeam Wah	Premcourt Development Sdn Bhd	Property development	-	50 ⁽³⁾
Siram Permai	Ikhtiar Bitara Sdn Bhd	Property development	25	-
Ir. Teh Kiak Seng	Ikhtiar Bitara Sdn Bhd	Property development	-	25 ⁽¹⁾
Tah-Wah	Aljamas Sdn Bhd	Property development	33.33	-
Dato' Hong Yeam Wah	Aljamas Sdn Bhd	Property development	-	33.33 ⁽³⁾
Dato' Hong Yeam Wah	Magnum Corporation Sdn Bhd	Property development ⁽⁴⁾	50	-

Notes:

- (1) Deemed interested by virtue of his shareholdings in Siram Permai pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his/her shareholdings in Amal Pintas pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his shareholdings in Tah-Wah pursuant to Section 6A of the Act.
- (4) It has not commenced its operation as at the LPD.

Mitigating Factors**(a) Tokoh Permai Sdn Bhd**

Tokoh Permai Sdn Bhd is involved in the business of construction of buildings, which is similar to the principal activities of Tokoh Edaran, a wholly-owned subsidiary company of our Group. However, Tokoh Permai Sdn Bhd has ceased operations since July 2008 and is in the process of being wound-up. Therefore, there will be no conflict of interest with our Group.

(b) Karya Cemerlang Sdn Bhd

Karya Cemerlang Sdn Bhd was formerly an associate company of Tambun Indah SB which was disposed on 1 July 2008.

12. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST

The activity of the company in property development is similar to our Group. Karya Cemerlang Sdn Bhd has not been involved in property development since 2005 and is in the process of being wound-up. Therefore, there will be no conflict of interest with our Group.

(c) Menara Phoenix Sdn Bhd

Menara Phoenix Sdn Bhd is principally involved in property development which is similar to the activities of our Group. Menara Phoenix Sdn Bhd has not been involved in property development since 2005 and is in the process of being wound-up. There will not be any conflict of interest issue arising as a result of the similarity in the activities.

(d) Pridaman Sdn Bhd

Pridaman Sdn Bhd is principally involved in property development which is similar to the activities of our Group. However, the projects of Pridaman Sdn Bhd have already been completed in 2007 and is currently dormant. Thus, there will not be any conflict of interest issue arising as a result of the similarity in the activities.

(e) Bremhill Development Sdn Bhd

Bremhill Development Sdn Bhd's principal activity is in property development which is similar to the activities of our Group. However, the company has not commenced its operation as at the LPD. Thus, there will not be any conflict of interest issue arising as a result of the similarity in the activities.

(f) Premcourt Development Sdn Bhd

Premcourt Development Sdn Bhd's principal activity is in property development which is similar to the activities of our Group. However, the company has not commenced its operation as at the LPD. Thus, there will not be any conflict of interest issue arising as a result of the similarity in the activities.

(g) Ikhtiar Bitara Sdn Bhd

Ikhtiar Bitara Sdn Bhd's principal activity is in property development which is similar to the activities of our Group. However, the company has not commenced its operation as at the LPD. Thus, there will not be any conflict of interest issue arising as a result of the similarity in the activities.

(h) Aljamas Sdn Bhd

Aljamas Sdn Bhd is principally involved in property development which is similar to the activities of our Group. However, the projects of Aljamas Sdn Bhd have already been completed and the company would be wound-up after the company has sold off the remaining units of properties in its development projects. Thus, there will not be any conflict of interest issue arising as a result of the similarity in the activities.

(i) Magnum Corporation Sdn Bhd

Magnum Corporation Sdn Bhd's principal activity is in property development which is similar to the activities of our Group. However, Magnum Corporation Sdn Bhd has not commenced its operation as at the LPD. Thus, there will not be any conflict of interest issue arising as a result of the similarity in the activities.

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12. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST

In addition, our Board has proposed to undertake the following measures to mitigate any possible conflict of interest that may potentially arise as a result of our Directors' or substantial shareholders' interests in these businesses or corporations:

- (a) to safeguard our interest and to avoid a potential conflict of interest situation, our Audit Committee will, amongst others, monitor any transaction which we will enter into with our Directors or substantial shareholders and/or persons connected to them; and
- (b) all our Directors and substantial shareholders are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of Audit Committee. In addition, our Directors and substantial shareholders have given their undertakings that all business transactions entered into between our Group and themselves and/or persons connected to them shall be negotiated on and agreed at arm's length basis, normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of our minority shareholders.

12.3 OTHER TRANSACTIONS

- 12.3.1 There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past 3 FYE 31 December 2007 to 2009 and as at the LPD.
- 12.3.2 There were no outstanding loans (including guarantees of any kind) made by us to or for the benefit of a related party in respect of the past 3 FYE 31 December 2007 to 2009 and as at the LPD.
- 12.3.3 Save for the Acquisitions, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the past 3 FYE 31 December 2007 to 2009 and as at the LPD, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us.

12.4 DECLARATIONS BY THE ADVISERS

- (a) MIMB has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Sole Underwriter and Placement Agent for the Listing.
- (b) Azman Davidson & Co has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for the Listing.
- (c) UHY has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for the Listing.
- (d) Henry Butcher Malaysia (Seberang Perai) Sdn Bhd has given its written confirmations that, as at the date of this Prospectus, there is no existing or potential conflict of interests in their capacity as the Independent Valuers for the Listing.
- (e) Vital Factor Consulting Sdn Bhd has given its written confirmations that, as at the date of this Prospectus, there is no existing or potential conflict of interests in their capacity as the Independent Business and Market Research Consultants for the Listing.

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13. FINANCIAL INFORMATION

13.1 HISTORICAL FINANCIAL INFORMATION

13.1.1 Proforma consolidated statement of comprehensive income

The following table sets out a summary of our proforma consolidated statement of comprehensive income for the past 3 FYE 31 December 2007 to 2009 and 2 FPE 30 June 2009 to 2010, prepared based on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated statement of comprehensive income are prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter included in the proforma consolidated financial information and the Accountants' Report as set out in Sections 13.5 and 14 respectively, of this Prospectus.

	←————— Proforma Group —————→				
	←————— Audited —————→			Unaudited	
	←————— FYE 31 December —————→		←————— FPE 30 June —————→		
	2007	2008	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	97,078	126,045	100,873	57,315	54,551
Cost of sales	(70,377)	(88,242)	(68,606)	(37,120)	(37,132)
GP	26,701	37,803	32,267	20,195	17,419
Other operating income	2,048	1,798	2,246	589	1,098
Administrative expenses	(408)	(2,668)	(1,733)	(1,012)	(713)
Selling and marketing expenses	(1,050)	(2,233)	(1,977)	(943)	(965)
EBIDTA	27,291	34,700	30,803	18,829	16,839
Depreciation expenses	(172)	(165)	(183)	(65)	(91)
EBIT	27,119	34,535	30,620	18,764	16,748
Financial costs *	(120)	(74)	(602)	(1)	(387)
PBT	26,999	34,461	30,018	18,763	16,361
Taxation	(7,441)	(10,985)	(6,254)	(4,661)	(5,075)
PAT	19,558	23,476	23,764	14,102	11,286
Attributable to:					
Owners of the parent	19,559	23,508	23,866	13,248	11,370
MI	(1)	(32)	(102)	854	(84)
	19,558	23,476	23,764	14,102	11,286
GP margin (%)	27.50	29.99	31.99	35.23	31.93
PAT margin (%)	20.15	18.63	23.56	24.60	20.69
Number of Shares assumed in issue ('000) ⁽¹⁾	189,000	189,000	189,000	189,000	189,000
Net EPS (sen)					
- Basic ⁽²⁾	10.35	12.44	12.63	7.01	6.02
- Diluted ⁽³⁾	10.35	12.44	12.63	7.01	6.02
Trade receivables' turnover periods (months)	2.23	1.29	2.07	2.01	1.92
Trade payables' turnover periods (months)	1.56	0.94	1.26	2.67	1.18

Notes:

- (1) Based on the issued and paid-up share capital of RM94,500,000 comprising 189,000,000 Tambun Indah Shares immediately prior to the public issue.

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- (2) *Basic EPS calculated based on profit attributable to equity holders of the Tambun Indah Group for the financial years/periods divided by the Tambun Indah Shares had the Tambun Indah Group been in existence.*
- (3) *Diluted EPS calculated based on profit attributable to equity holders of Tambun Indah Group for the financial years/periods divided by the Tambun Indah Shares had the Tambun Indah Group been in existence. The Group has no potential Tambun Indah Shares in issue in each of the respective financial year/period and therefore, diluted EPS is presented as equal to basic EPS.*
- * *Please refer to Section 13.3.6 of this Prospectus.*

There were no exceptional or extraordinary items in all the financial years and periods under review.

13.1.2 Proforma consolidated statement of financial position

The following table sets out the proforma consolidated statement of financial position of our Group as at 30 June 2010 to show the effects of the listing scheme on the assumption that it has been completed on 30 June 2010. The proforma consolidated statement of financial position are prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying in the proforma consolidated financial information set out in the Section 13.5 of this Prospectus.

	As at 30.6.2010 RM'000	Proforma I After Acquisitions RM'000	Proforma II After Public Issue and Utilisation of Proceeds RM'000
Assets			
Non-Current Assets			
Goodwill on consolidation	-	1,193	1,193
Land held for development	-	12,298	12,298
Property, plant and equipment	-	710	710
Investment properties	-	8,510	8,510
	-	22,711	22,711
Current Assets			
Inventory	-	230	230
Property development costs	-	63,811	63,811
Receivables	-	35,410	35,410
Tax recoverable	-	1,560	1,560
Fixed deposits pledged with a licensed bank	-	292	292
Cash and cash equivalents	5	42,997	59,597
	5	144,300	160,900
Total Assets	5	167,011	183,611

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13. FINANCIAL INFORMATION

	As at 30.6.2010 RM'000	Proforma I After Acquisitions RM'000	Proforma II After Public Issue and Utilisation of Proceeds RM'000
Equity and Liabilities			
Equity			
Share capital	#	94,500	110,500
Share premium	-	-	3,800
(Accumulated loss)/Retained profit	(16)	13,043	13,043
	(16)	107,543	127,343
MI	-	14,137	14,137
Total equity	(16)	121,680	141,480
Non-Current Liabilities			
Bank borrowings	-	8,227	5,461
Deferred taxation	-	335	335
	-	8,562	5,796
Current Liabilities			
Payables	21	26,277	26,277
Bank borrowings	-	8,115	7,681
Taxation	-	2,377	2,377
	21	36,769	36,335
Total Liabilities	21	45,331	42,131
Total Equity and Liabilities	5	167,011	183,611
Number of ordinary shares in issue ('000)			
	#	189,000	221,000
(NL)/NA (RM'000)	(16)	107,543	127,343
(NL)/NA per ordinary share (RM)	(4,000)	0.57	0.58

Note:

4 subscribers' shares of RM0.50 each before the Acquisitions.

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13. FINANCIAL INFORMATION**13.1.3 Proforma consolidated statement of cash flows**

The following table sets out the proforma consolidated statement of cash flows of our Group for the FPE 30 June 2010, prepared based on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated statement of cash flows is prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying the proforma consolidated financial information set out in Section 13.5 of this Prospectus.

	FPE 30 June 2010 RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
PBT for the financial year	18,763
Adjustments for:	
Depreciation	65
Foresceable losses written back	(10)
Interest expenses	1
Interest income	(555)
Operating profit before working capital changes	18,264
Inventories	180
Land held for development	(9,005)
Property development costs	(5,923)
Receivables	(14,665)
Payables	(13,069)
	(24,218)
Interest received	555
Taxation paid	(2,592)
Net cash flow from operating activities	(26,255)
CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of Subsidiaries	(1,382)
Changes in fixed deposits pledged with a licensed bank	57
Proceeds from disposal of investment properties	(7)
Purchase of property, plant and equipment (Note (a))	(425)
Net cash flow from investing activities	(1,757)
CASH FLOW FROM FINANCING ACTIVITIES	
Dividend paid	(26,600)
Proceeds from issuance of shares	25,008
Proceeds from Public Issue	22,400
Listing expenses	(2,600)
Proceeds from term loans	3,200
Repayment of term loans	(10,262)
Net cash flow from financing activities	11,146
NET CHANGE IN CASH AND CASH EQUIVALENTS	(16,866)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	76,463
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD (Note (b))	59,597

13. FINANCIAL INFORMATION*Represented by:**Notes:***(a) Purchase of property, plant and equipment:**

<i>Financed by cash</i>	<u>425</u>
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(b) Analysis of cash and cash equivalents:

<i>Bank overdraft</i>	<i>(3,216)</i>
<i>Cash and bank balances</i>	<i>22,529</i>
<i>Fixed deposits with a licensed bank</i>	<u><i>40,284</i></u>
	<u><i>59,597</i></u>

13.2 CAPITALISATION AND INDEBTEDNESS

The following table shows our proforma cash and cash equivalents and capitalisation and indebtedness as at 30 June 2010 based on our proforma consolidated financial information, and as adjusted to show the effects of the listing scheme as set out in Section 13.5 of this Prospectus.

	As at 30 June 2010 RM'000	After Acquisitions RM'000	After Public Issue and Utilisation Of Proceeds RM'000
Cash and cash equivalents	<u>5</u>	<u>42,997</u>	<u>59,597</u>
<u>Indebtedness</u>			
<u>Non-current:</u>			
Bank borrowings	<u>-</u>	<u>8,227</u>	<u>5,461</u>
<u>Current:</u>			
Bank borrowings	<u>-</u>	<u>8,115</u>	<u>7,681</u>
Total indebtedness	<u>-</u>	<u>16,342</u>	<u>13,142</u>
Capitalisation			
Total shareholder's equity	<u>(16)</u>	<u>107,543</u>	<u>127,343</u>
Total capitalisation and indebtedness	<u>(16)</u>	<u>123,885</u>	<u>140,485</u>

The bank borrowings are secured and covered by the following:

- (a) legal charge over development lands;
- (b) corporate guarantee by Mutiara Goodyear Development Berhad; and
- (c) joint and several guarantees by the Directors.

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13. FINANCIAL INFORMATION**13.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following management's discussion and analysis of our Group's financial performances and results of operations for the 3 FYE 31 December 2007, 2008 and 2009 and 2 FPE 30 June 2009 and 2010 should be read in conjunction with the accompanying notes, assumptions and bases thereto, included in the Reporting Accountants' Letter on the proforma consolidated financial information and Accountants' Report as set out in Sections 13.5 and 14 respectively, of this Prospectus.

This discussion and analysis contains data derived from the audited financial statements of our Group as well as forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but not limited to, those discussed below and Section 4.1.17 of this Prospectus.

13.3.1 Overview of our operations

We are principally involved in investment holding, property development, operation of car park, construction of buildings and project management.

Our revenue is derived primarily from the development and sale of residential properties. Our Group's performance is generally not subject to any seasonality. Revenue and profits from property development is project based and may experience significant fluctuations, and is affected by many factors including, amongst others, the following:

(i) Our ability to identify or acquire land for property development

Our continuing growth will largely depend on our ability to identify and acquire suitable lands for development in a timely manner and at commercially acceptable prices. We usually source for new plots of land based on our research and our identification of potential land plots.

(ii) Prices of construction materials

The increase in cost of construction materials such as steel bars, cement, wood, bricks, glass and aluminum frames has an impact on the revenue and profitability of our Group. In addition, all of these materials are subject to global commodity prices. The fluctuations in the prices of these materials may affect our operating results. Please refer to sub-section 9 of Section 9 of this Prospectus for the trends of raw materials.

As such, we endeavour to source for these materials at the lowest cost possible and establish long term relationship with reliable suppliers. In addition, our Group using "Tambun Indah" has created our own branding within the property development industry in Penang with a proven track record spanning approximately 16 years for our property development business. Our Group has been known among its customers as a developer that provides reliable and comfortable homes in Penang. Given our track record and branding, our Group is able to transfer a portion of the increase in the prices of these materials to our customers. Hence, our Group does not absorb the full increase in the prices of these materials resulting in lesser impact on our Group.

(iii) General economic environment in Malaysia

Conditions in the property markets in which we operate change from time to time and are affected significantly by the general economic, political and regulatory developments in Malaysia. Furthermore, changes in Government legislation, regulations or policies which could directly or indirectly affect the property market such as specific Government action or policy on the release of land for sale or financing restrictions for property purchases may affect our performance significantly.

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(iv) Ability to compete with our competitors

Our revenue will be affected if we fail to compete successfully with other property developers in terms of pricing, design, quality, location and timely project delivery.

Please refer to the section entitled “Risk Factors” of this Prospectus for other factors which may affect our operations and financial results.

Further discussion and analysis of our Group’s past performance and results of operations are set out below.

13.3.2 Revenue

(i) Analysis of revenue by companies:

	← Proforma Group →				
	← Audited →			Unaudited	
	← FYE 31 December →			← FPE 30 June →	
	2007	2008	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Tambun Indah	-	-	-	-	-
Cenderaman	-	-	-	-	-
Denmas	-	-	-	407	-
Denmas Development	-	-	-	-	-
Epiland	1,603	265	-	-	-
Hong Hong	12,773	25,994	18,458	2,938	11,708
Intanasia	24,458	10,543	633	-	338
Jasnia	-	2,937	13,369	1,049	5,132
Juru Heights	34,452	53,512	40,760	11,126	25,481
Langstone ⁽¹⁾	319	364	422	362	177
Perquest	5,261	7,171	16,349	4,969	6,824
Tokoh Edaran	58,804	72,546	41,691	23,274	22,786
Tambun Indah SB	3,158	3,757	-	225	-
Tambun Indah Development	-	-	580	13,209	-
TID Development	-	-	-	-	-
TKS Land	-	-	-	-	-
CBD Land ⁽²⁾	-	-	-	-	-
Zipac ⁽³⁾	-	107	1,288	3,697	-
	140,828	177,196	133,550	61,256	72,446
Proforma consolidated adjustment	(43,750)	(51,151)	(32,677)	(3,941)	(17,895)
Proforma consolidated revenue	97,078	126,045	100,873	57,315	54,551

Notes:

- (1) Adjustment has been made to the statement of comprehensive income of Langstone for the audited financial statements of Langstone for the financial period from 1 November 2006 to 31 December 2007 on a prorated basis as the financial year end is not coterminous with the Tambun Indah Group in the FYE 31 December 2007.
- (2) Adjustments have been made to the statement of comprehensive income of CBD Land for the audited financial statements of CBD Land for the financial period from 15 May 2007 to 30 June 2008, 1 July 2008 to 30 June 2009 and financial period from 1 July 2009 to 31 December 2009 on a prorated basis as the financial year ends are not coterminous with the Tambun Indah Group.

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(3) *Adjustments have been made to the statement of comprehensive income of the audited financial statements of Zipac for the FYE 30 November 2007 and 30 November 2008 and the financial period from 1 December 2008 to 31 December 2009 on a prorated basis as the financial year ends are not coterminous with the Tombun Indah Group.*

(ii) Analysis of revenue by projects:

		← Proforma Group →				
		← Audited →			← Unaudited →	
		← FYE 31 December →		← FPE 30 June →		
		2007	2008	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000	RM'000
<u>Property Development:</u>						
Taman Seri Tambun (Phase II)	Epiland	1,603	-	-	-	-
Taman Tambun Emas (Phase I)	Epiland	-	265	-	-	-
Palm Villas	Hong Hong	12,773	25,994	18,290	2,201	11,508
Seri Palma	Hong Hong	-	-	396	737	200
Casa Impian I	Intanasia	24,458	10,543	633	-	338
Casa Impian II	Jasniah	-	2,937	13,369	1,049	5,132
Juru Heights (Phase I)	Juru Heights	34,205	49,477	36,709	5,561	23,641
Juru Heights (Phase II)	Juru Heights	247	4,035	4,051	5,565	1,840
Taman Tambun Emas (Phase II)	Perquest	5,261	6,327	-	-	-
Casa Permai	Perquest	-	844	16,349	4,969	6,824
Taman Tambun Indah	Tambun Indah SB	3,158	3,757	-	225	-
Pearl Garden	Tambun Indah Development	-	-	580	13,209	-
Carissa Park	Zipac	-	107	1,288	3,697	-
		81,705	104,286	91,665	37,213	49,483
<u>Construction revenue:</u>						
Juru Heights (Phase I)	Tokoh Edaran	15,152	21,535	3,440	2,222	3,245
Juru Heights (Phase II)	Tokoh Edaran	-	-	5,523	17,608	1,729
		15,152	21,535	8,963	19,830	4,974
Rental of properties & operation of car park	Langstone	221	224	245	272	94
		97,078	126,045	100,873	57,315	54,551

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13. FINANCIAL INFORMATION

(iii) Analysis of revenue by activities:

	← Proforma Group →				
	← Audited →				Unaudited
	← FYE 31 December →		← FPE 30 June →		
	2007	2008	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Property development	81,705	104,286	91,437	37,213	49,483
Construction contract *	58,804	72,546	41,691	23,681	22,786
Rental of properties	280	319	365	316	151
Operation of car park	39	45	57	46	26
	140,828	177,196	133,550	61,256	72,446
Less: Proforma consolidated adjustment	(43,750)	(51,151)	(32,677)	(3,941)	(17,895)
Proforma consolidated revenue	97,078	126,045	100,873	57,315	54,551

Note:

- * Revenue represents revenue generated by Tokoh Edaran through construction of bungalows from Juru Heights Phase I and Phase II throughout the financial years/periods under review. The construction works mainly consist of building construction costs, site expenses and staff costs.

(iv) Analysis of revenue by markets/geographical

There is no analysis of revenue by markets/geographical locations as all the revenue are derived from the development projects located in Penang, Malaysia.

(v) Commentaries on revenue

Revenue of the Tambun Indah Group was mainly generated through property development activities and all significant inter-company transactions are eliminated on consolidation and thus the revenue reflect external transactions only.

FYE 31 December 2007

Revenue generated during the FYE 31 December 2007 was mainly contributed by Juru Heights, IntanAsia, Tokoh Edaran and Hong Hong.

The increase in revenue in FYE 31 December 2007 of 232.80% as compared to FYE 31 December 2006 of RM29.17 million was mainly due to the Juru Heights (Phase I) bungalow land project having achieved a 36% completion stage which contributed revenue of RM6.90 million. Additionally, the Juru Heights' (Phase I) double storey terrace houses, double storey shop offices, three storey terrace houses and low cost flats development have contributed a total of RM27.30 million in revenue to the Group. Tokoh Edaran contributed RM15.15 million from its bungalow building Phase I attached under Juru Heights' bungalow land project as well.

During the financial year, IntanAsia's Casa Impian I project contributed RM24.46 million in revenue to the Group on a 72% completion basis as compared with the previous financial year whereby only 11% of the project was completed.

In addition, Hong Hong launched its Palm Villas project during the year which contributed revenue of RM12.77 million. Hong Hong received an overwhelming response for the Palm Villas project with 90 units sold out of 148 total units available during this launch.

Tambun Indah SB also launched its 18 units of double storey terrace houses project, Taman Tambun Indah, which contributed revenue of RM3.16 million during the FYE 31 December 2007 while Perquest launched its Taman Tambun Emas (Phase II) which generated revenue of RM5.26 million with a 46% completion basis.

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The completion of Epiland's Taman Seri Tambun (Phase II) contributed revenue of RM1.60 million to the Group.

FYE 31 December 2008

For the FYE 31 December 2008, revenue increased by 29.84% as compared to the FYE 31 December 2007 with the main contributions to the Group's revenue coming from Juru Heights, Hong Hong, Tokoh Edaran, Intanasia and Perquest.

During the FYE 31 December 2008, Juru Heights' revenue increased by 55.32% in comparison to the FYE 31 December 2007 due to higher stage of completion of Juru Heights Phase I and Phase II, whereby double storey terrace houses, three storey terrace houses, double storey shop offices and low cost flats of Juru Heights Phase I contributed RM45.24 million to the Group's revenue and bungalow land of Phase I and Phase II contributed RM4.24 million and RM4.04 million revenue respectively. Tokoh Edaran bungalow building project also contributed RM21.54 million to the Group's revenue for the financial year. The higher contribution of revenue was also owing to the fact that the projects' selling price was revised upward during the year due to increasing demand for Juru Heights houses.

Whereas Hong Hong's revenue increased from RM12.77 million in the FYE 31 December 2007 to RM25.99 million in the FYE 31 December 2008 as an additional 29 units of three storey terrace houses were sold and the percentage of completion for the project increased from 22% to 80%.

For the FYE 31 December 2008, Intanasia revenue was recognised at 100% stage of completion with revenue of RM10.54 million contributed to the Group's revenue. The company sold an additional 7 units of double storey terrace houses and 1 unit of three storey terrace house.

Perquest generated revenue of RM6.33 million from Taman Tambun Emas (Phase II) which was fully completed during the year. Further to that, there was also a revision in the selling price for the projects. In addition, revenue of RM0.84 million was derived from the commencement of new projects consisting of 36 units of double storey terrace houses, 18 units of three storey terrace houses, 26 units of double storey semi-detached houses and 6 units of bungalows to be built under the Casa Permai project. Perquest sold approximately 51.00% of the total units built during the FYE 31 December 2008.

During the FYE 31 December 2008, Tambun Indah SB generated revenue of RM3.76 million which was due to 94.00% sale of double storey terrace houses under Taman Tambun Indah project and the sale of a club house of approximately RM1.60 million which was developed previously.

Jasnia contributed RM2.94 million to the Group's revenue from sales of 20 units of three storey terrace houses and 18 units of double storey terrace houses out of the total 54 units of terrace houses available for sale as well.

FYE 31 December 2009

The Group's revenue decreased by approximately 19.97% as compared to the FYE 31 December 2008 as projects from Juru Heights Phase I (Juru Heights/Tokoh Edaran), Palm Villas (Hong Hong) and Casa Impian II (Jasnia) have been completed during the year. The main revenue contributors for FYE 31 December 2009 would be Juru Heights, Hong Hong, Perquest, and Jasnia.

In the FYE 31 December 2009, Juru Heights revenue decreased from RM53.51 million to RM40.76 million mainly because all Juru Heights Phase I projects were 100% completed during the year. This is also applicable to Tokoh Edaran whereby the revenue recorded decreased from RM21.54 million to RM8.96 million as the bungalow project was attached under Juru Heights's project.

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Hong Hong's revenue decreased from RM25.99 million to RM18.29 million as the Palm Villas project was completed during the year and recognised the remaining 20% of revenue. During the year, Hong Hong launched a new project known as Seri Palma during the year and the percentage of work completed for the newly launched project was only 9%. As such, lower revenue was recorded.

During the FYE 31 December 2009, Perquest contributed RM16.35 million to the Group's revenue thru the near completion of Casa Permai project as it had achieved approximately 70% completion by the end of the financial year, while Jasniah contributed RM13.37 million as all units of terrace houses had been sold out and the project attained 90% completion.

FPE 30 June 2010

Revenue of the Group for the FPE 30 June 2010 of approximately RM57.32 million showed an improvement of approximately 5.07% as compared to approximately RM54.55 million unaudited revenue for the FPE 30 June 2009. The main contributors to the Group's revenue were represented by Tokoh Edaran, Tambun Indah Development and Juru Heights.

Tokoh Edaran's revenue of approximately RM19.83 million was mainly derived from sales of bungalows from project Juru Heights Phase II, which attained 45% percentage of completion as compared to 4% in FPE June 2009.

Meanwhile, Tambun Indah Development's project named Pearl Garden which was only launched in November 2009 contributed RM13.21 million to the Group's total revenue. During the FPE 30 June 2010, the project attained 20% completion and a total of 40 units of double storey semi-detached houses, 100 units of double storey terrace houses and one unit of bungalow were sold out of the remaining 66 units, 147 units and 4 units for the respective type of houses.

Revenue from Juru Heights of approximately RM11.13 million made up approximately 18.16% of the Group's revenue for the FPE 30 June 2010. Project Juru Heights Phases II attained 72% completion as compared to 55% completion in the previous comparable period which contributed to approximately RM5.57 million to the Group's total revenue as opposed to RM1.84 million in unaudited FPE 30 June 2009.

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13.3.3 Cost of sales

(i) Analysis of cost of sales by companies:

	← Proforma Group →				
	← Audited →			← Unaudited →	
	← FYE 31 December →		← FPE 30 June →		
	2007	2008	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Tambun Indah	-	-	-	-	-
Cenderaman	-	-	-	-	-
Denmas	-	-	-	392	-
Denmas Development	-	-	-	-	-
Epiland	230	199	-	-	-
Hong Hong	9,688	19,806	13,788	2,183	8,959
IntanAsia	18,672	5,539	457	-	238
Jasnia	-	2,553	9,879	221	3,900
Juru Heights	26,189	39,525	25,618	7,684	15,852
Langstone (Note 1)	-	-	-	-	-
Perquest	4,207	4,838	12,850	2,889	5,436
Tokoh Edaran	51,701	66,693	37,458	14,718	20,671
Tambun Indah SB	2,586	239	-	180	-
Tambun Indah Development	-	-	477	9,816	-
TID Development	-	-	-	-	-
TKS Land	-	-	-	-	-
CBD Land (Note 2)	-	-	-	-	-
Zipac (Note 3)	-	91	1,090	3,033	-
	113,273	139,483	101,617	41,116	55,056
Less: Proforma consolidated adjustment	(42,896)	(51,241)	(33,011)	(3,996)	(17,924)
Proforma consolidated cost of sales	70,377	88,242	68,606	37,120	37,132

Notes:

- (1) *Adjustment has been made to the statement of comprehensive income of Langstone for the audited financial statements of Langstone for the financial period from 1 November 2006 to 31 December 2007 on a prorated basis as the financial year end is not coterminous with the Tambun Indah Group in the FYE 31 December 2007.*
- (2) *Adjustments have been made to the statement of comprehensive income of CBD Land for the audited financial statements of CBD Land for the financial period from 15 May 2007 to 30 June 2008, 1 July 2008 to 30 June 2009 and financial period from 1 July 2009 to 31 December 2009 on a prorated basis as the financial year ends are not coterminous with the Tambun Indah Group.*
- (3) *Adjustments have been made to the statement of comprehensive income of the audited financial statements of Zipac for the FYE 30 November 2007 and 30 November 2008 and the financial period from 1 December 2008 to 31 December 2009 on a prorated basis as the financial year ends are not coterminous with the Tambun Indah Group.*

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(ii) Analysis of cost of sales by projects:

		← Proforma Group →				
		← Audited →			Unaudited	
		← FYE 31 December →		← FPE 30 June →		
		2007	2008	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000	RM'000
Property Development:						
Taman Seri Tambun (Phase II)	Epiland	230	-	-	-	-
Taman Tambun Emas (Phase I)	Epiland	-	199	-	-	-
Palm Villas	Hong Hong	9,515	19,318	13,144	1,392	8,662
Seri Palma	Hong Hong	-	-	309	635	157
Casa Impian I	Intanasia	15,583	8,090	457	20	238
Casa Impian II	Jasnias	-	2,505	9,518	262	3,745
Juru Heights (Phase I)	Juru Heights	25,346	34,385	20,424	3,556	13,607
Juru Heights (Phase II)	Juru Heights	169	3,292	3,620	4,238	1,718
Taman Tambun Emas (Phase II)	Perquest	4,207	3,864	-	-	-
Casa Permai	Perquest	-	934	12,327	2,813	5,249
Taman Tambun Indah	Tambun Indah SB	2,586	239	-	180	-
Pearl Garden	Tambun Indah Development	-	-	477	9,816	-
Carissa Park	Zipac	-	91	1,090	3,044	-
		57,636	72,917	61,366	25,956	33,376
Construction cost:						
Juru Heights (Phase I)	Tokoh Edaran	12,741	15,325	3,090	239	2,480
Juru Heights (Phase II)	Tokoh Edaran	-	-	4,150	10,925	1,276
		12,741	15,325	7,240	11,164	3,756

(iii) Analysis of cost of sales by activities:

		← Proforma Group →				
		← Audited →			Unaudited	
		← FYE 31 December →		← FPE 30 June →		
		2007	2008	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000	RM'000
Property development		61,572	72,790	64,159	26,006	34,385
Construction contract		51,701	66,693	37,458	15,110	20,671
		113,273	139,483	101,617	41,116	55,056
Less: Proforma consolidated adjustment		(42,896)	(51,241)	(33,011)	(3,996)	(17,924)
Proforma consolidated cost of sales		70,377	88,242	68,606	37,120	37,132

(iv) Analysis of cost of sales by markets/geographical

There is no analysis of cost of sales by markets/geographical locations as all the cost of sales are derived from the development projects located in Penang, Malaysia.

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(v) Commentaries on cost of sales

Cost of sales of the Tambun Indah Group were made up of construction costs and development costs which included surveyor fees, professional fees, authority contributions, developer's overhead, contracted external work, contracted building construction and other construction costs.

FYE 31 December 2007

The Group's cost of sales reflected approximately 53.00% increase as compared to FYE 31 December 2006. Nevertheless, the increase in cost of sales was in line with the increase of the Group's revenue by 232.80%. The cost of sales was mainly derived from Juru Heights, Intanasia, Tokoh Edaran and Hong Hong.

Juru Heights commenced new projects during the year developing 252 units of double storey terrace houses, 101 units of three storey terrace houses, 27 units of double storey shop offices, 216 units of low cost flats and Phase II of Juru Heights where 128 units of bungalows are to be built. These projects increased the Group's cost of sales significantly from approximately RM0.56 million in FYE 31 December 2006 to approximately RM26.19 million, mainly due to building works, professional fees, authorities contributions and staff costs for the above-mentioned projects.

Further to that, Casa Impian I of Intanasia achieved 72% completion stage in the FYE 31 December 2007 as compared to 11% completion stage for the FYE 31 December 2006. The increase in cost of sales of 83.00% is in line with the increase in revenue of 85.00%.

Whereas Tokoh Edaran was awarded additional contracts from purchasers during the FYE 31 December 2007 to construct bungalow houses for Juru Heights Phase I and Phase II. Therefore, increase in cost of sales is by 91.00%, whereby it is primarily made up of the costs of building works and staff costs for bungalows of Juru Heights Phase I.

Moreover, Hong Hong launched its Palm Villas project during the FYE 31 December 2007 which comprised of 148 units of three storey terrace houses. The percentage of work completed of 22% contributed approximately RM9.52 million to the Group's total cost of sales.

FYE 31 December 2008

For the FYE 31 December 2008, cost of sales increased by approximately 25.38% as compared to the FYE 31 December 2007 with the main contributions coming from Juru Heights and Hong Hong.

The projects of bungalow land Phase I and Phase II, double storey terrace houses, three storey terrace houses, double storey shop offices and low cost flats of Juru Heights have achieved higher stages of completion, resulting in the Company's cost of sales increased from approximately RM26.19 million to approximately RM39.53 million during the financial year. The increase in cost of sales mainly comprised of additional costs incurred for building works, road and drainage works, water reticulation works and authority contributions as the projects attained stages of completion of 56%, 16%, 79%, 47%, 75% and 58% respectively as compared to 36%, 1%, 37%, 8%, 50% and 1% respectively in the FYE 31 December 2007.

During the FYE 31 December 2008, Palm Villas project of Hong Hong achieved a percentage of completion of 80% as compared to 22% during the FYE 31 December 2007. This not only resulted in higher billing and higher revenue but also higher costs of sales, with costs amounting to approximately RM19.32 million from approximately RM9.52 million for the FYE 31 December 2007. The most significant costs addition is from building works, road and drainage works and sewerage and plumbing works done for the 148 units of three storey terrace houses.

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The Group's cost of sales decreased by approximately 22.25% in comparison to the results recorded in FYE 31 December 2008 as a number of projects attained 100% completion during the FYE 31 December 2009. Cost of sales of the Group for the FYE 31 December 2009 was mainly made up from Juru Heights, Tokoh Edaran, Hong Hong and Perquest.

During the year, Juru Heights's cost of sales, which was mainly made up of costs for building works, especially for three storey terrace houses, external road and drainage works and cost of perimeter fencing, decreased by 35.19%, from approximately RM39.53 million for the FYE 31 December 2008 to approximately RM25.62 million in the FYE 31 December 2009 as all the Phase I project of Juru Heights were substantially completed during the year.

The same reason can be observed for the Palm Villas project which was completed during the year, whereby Hong Hong recorded approximately RM13.14 million of cost of sales in the FYE 31 December 2009 as opposed to approximately RM19.32 million in the previous financial year, reflecting a 31.96% decrease. The cost of sales is mostly contributed from building works and electrical and lighting works. Although Hong Hong launched a new project during the year, the percentage of work completed for Seri Palma was only 9%.

On the other hand, Perquest's cost of sales showed an increase from approximately RM4.84 million in 2008 to approximately RM12.85 million in 2009 following its Casa Permai project having achieved approximately 70% completion by the end of the financial year. This lead to a significant increase in the development costs incurred during the year for the Casa Permai project as compared to FYE 31 December 2008. This is in line with a 127.99% increase in the Company's revenue. However, Perquest only made up approximately 12.65% of the Group's total cost of sales, therefore, as a whole, the Group's cost of sales still reflected an approximate 22.25% decrease.

FPE 30 June 2010

The Group's cost of sales showed a slight decrease of approximately 0.03% as compared to unaudited FPE 30 June 2009. The main contributors to the Group's total cost of sales were Tokoh Edaran, Tambun Indah Development and Juru Heights.

During the FPE 30 June 2010, Tambun Indah Development recorded cost of sales at approximately RM9.82 million as Pearl Garden had not incurred any development costs as at FPE 30 June 2009 as it was launched in November 2009. The project had achieved approximately 20% completion by the end of the financial period with costs incurred mainly made up of additional building works, cost of site clearing and show unit cost.

Meanwhile, cost of sales of Tokoh Edaran and Juru Heights, of approximately RM14.72 million and RM7.68 million, represented approximately 35.80% and 18.69% respectively for the Group's total cost of sales for the current financial period. The companies' cost of sales is attributable to the bungalow project jointly developed under Juru Heights Phase II.

For Tokoh Edaran, the percentage of completion attained for the bungalow project during the FPE 30 June 2010 was 45% as opposed to 4% in the previous comparable financial period. Whereas for Juru Heights, the bungalow project recorded 72% of completion showing improvement from 55% completion achieved in unaudited FPE 30 June 2009.

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13.3.4 GP

(i) Analysis of GP by companies:

	← Proforma Group →				
	← Audited →				Unaudited
	← FYE 31 December →		← FPE 30 June →		
	2007	2008	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Tambun Indah	-	-	-	-	-
Cenderaman	-	-	-	-	-
Denmas	-	-	-	15	-
Denmas Development	-	-	-	-	-
Epiland	1,373	66	-	-	-
Hong Hong	3,085	6,188	4,670	755	2,749
Intanasia	5,786	5,004	176	-	100
Jasnia	-	384	3,490	828	1,232
Juru Heights	8,263	13,987	15,142	3,442	9,629
Langstone ⁽¹⁾	319	364	422	362	177
Perquest	1,054	2,333	3,499	2,080	1,388
Tokoh Edaran	7,103	5,853	4,233	8,556	2,115
Tambun Indah SB	572	3,518	-	45	-
Tambun Indah Development	-	-	103	3,393	-
TID Development	-	-	-	-	-
TKS Land	-	-	-	-	-
CBD Land ⁽²⁾	-	-	-	-	-
Zipac ⁽³⁾	-	16	198	664	-
	27,555	37,713	31,933	20,140	17,390
Proforma consolidated adjustment	(854)	90	334	55	29
Proforma consolidated gross profit	26,701	37,803	32,267	20,195	17,419

Notes:

- (1) Adjustment has been made to the statement of comprehensive income of Langstone for the audited financial statements of Langstone for the financial period from 1 November 2006 to 31 December 2007 on a prorated basis as the financial year end is not coterminous with the Tambun Indah Group in the FYE 31 December 2007.
- (2) Adjustments have been made to the statement of comprehensive income of CBD Land for the audited financial statements of CBD Land for the financial period from 15 May 2007 to 30 June 2008, 1 July 2008 to 30 June 2009 and financial period from 1 July 2009 to 31 December 2009 on a prorated basis as the financial year ends are not coterminous with the Tambun Indah Group.
- (3) Adjustments have been made to the statement of comprehensive income of the audited financial statements of Zipac for the FYE 30 November 2007 and 30 November 2008 and the financial period from 1 December 2008 to 31 December 2009 on a prorated basis as the financial year ends are not coterminous with the Tambun Indah Group.

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(ii) Analysis of GP by project:

		← Proforma Group →				
		← Audited →			← Unaudited →	
		← FYE 31 December →			← FPE 30 June →	
		2007	2008	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000	RM'000
Property Development:						
Taman Seri Tambun (Phase II)	Epiland	1,373	-	-	-	-
Taman Tambun Emas (Phase I)	Epiland	-	66	-	-	-
Palm Villas	Hong Hong	3,258	6,676	5,146	809	2,845
Seri Palma	Hong Hong	-	-	87	102	42
Casa Impian I	Intanasia	8,875	2,453	176	(20)	100
Casa Impian II	Jasnia	-	432	3,851	787	1,387
Juru Heights (Phase I)	Juru Heights	8,859	15,092	16,285	2,005	10,034
Juru Heights (Phase II)	Juru Heights	78	743	431	1,327	122
Taman Tambun Emas (Phase II)	Perquest	1,054	2,463	-	-	-
Casa Permai	Perquest	-	(90)	4,022	2,156	1,576
Taman Tambun Indah	Tambun Indah SB	572	3,518	-	45	-
Pearl Garden	Tambun Indah Development	-	-	103	3,393	-
Carissa Park	Zipae	-	16	198	653	-
		24,069	31,369	30,299	11,257	16,106
Construction revenue:						
Juru Heights (Phase I)	Tokoh Edaran	2,411	6,210	350	1,983	766
Juru Heights (Phase II)	Tokoh Edaran	-	-	1,373	6,683	453
		2,411	6,210	1,723	8,666	1,219
Others:						
Rental of properties & operation of car park	Langstone	221	224	245	272	94
Proforma consolidated gross profit		26,701	37,803	32,267	20,195	17,419

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(iii) Analysis of GP margin by projects:

		Proforma Group				
		Audited			Unaudited	
		FYE 31 December		FPE 30 June		
		2007	2008	2009	2010	2009
		%	%	%	%	%
<u>Property Development:</u>						
Taman Seri Tambun (Phase II)	Epiland	85.65	-	-	-	-
Taman Tambun Emas (Phase I)	Epiland	-	24.91	-	-	-
Palm Villas	Hong Hong	25.51	25.68	28.14	36.76	24.72
Seri Palma	Hong Hong	-	-	21.97	13.84	21.00
Casa Impian I	Intanasia	36.29	23.27	27.80	-	29.59
Casa Impian II	Jasnia	-	14.71	28.81	75.02	27.03
Juru Heights (Phase I)	Juru Heights	25.90	30.50	44.36	36.05	42.44
Juru Heights (Phase II)	Juru Heights	31.58	18.41	10.64	23.85	6.63
Taman Tambun Emas (Phase II)	Perquest	20.03	38.93	-	-	-
Casa Permai	Perquest	-	(10.66)	24.60	43.39	23.09
Taman Tambun Indah	Tambun Indah SB	18.11	93.64	-	20.00	-
Pearl Garden	Tambun Indah Development	-	-	17.76	25.69	-
Carissa Park	Zipac	-	14.95	15.37	17.66	-
<u>Construction revenue:</u>						
Juru Heights (Phase I)	Tokoh Edaran	15.91	28.84	10.17	89.24	23.61
Juru Heights (Phase II)	Tokoh Edaran	-	-	24.86	37.95	26.20

(iv) Analysis of GP by activity:

		Proforma Group				
		Audited			Unaudited	
		FYE 31 December		FPE 30 June		
		2007	2008	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000	RM'000
Property development		20,133	31,496	27,278	11,207	15,098
Construction contract		7,103	5,853	4,233	8,571	2,115
Rental of properties		280	319	365	316	151
Operation of car park		39	45	57	46	26
		27,555	37,713	31,933	20,140	17,390
Proforma consolidated adjustment		(854)	90	334	55	29
Proforma consolidated gross profit		26,701	37,803	32,267	20,195	17,419

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(v) Analysis of GP margin by activities:

	Proforma Group				
	Audited			Unaudited	
	FYE 31 December		FPE 30 June		
	2007	2008	2009	2010	2009
	%	%	%	%	%
Property development	29.46	30.08	33.05	30.12	30.51
Construction contract	15.91	28.84	19.22	36.19	9.28
Rental of properties	100.00	100.00	100.00	100.00	100.00
Operation of car park	100.00	100.00	100.00	100.00	100.00

(vi) Commentaries on GP and GP margin

The GP and GP margin of the Group fluctuates during the relevant years/periods under review as different projects contributed different GP and GP margin to the Group.

FYE 31 December 2007

For the FYE 31 December 2007, the Group's GP improved by 263.00% in the FYE 31 December 2007, whilst the GP margin improved from 25.11% during the FYE 31 December 2006 to 27.50% during the FYE 31 December 2007 mainly because Epiland recorded a GP margin of 85.65% upon the full completion of Taman Seri Tambun (Phase II) as most of the development costs had been finalised. As such, the estimated costs which were over estimated in the previous years have been adjusted accordingly. This has resulted in lower amount of costs being charged out in the FYE 31 December 2007.

In addition, the launching of new projects and commencement of construction work for Juru Heights (Phase I and II) projects had an overall GP margin of 23.98%. For Juru Heights bungalow project under Phase I and Phase II, a purchaser will sign 2 separate agreements with 2 parties, i.e. Juru Heights and Tokoh Edaran. Juru Heights is responsible for selling the bungalow lands complete with the infrastructure works whereas Tokoh Edaran is responsible for the construction of the bungalows.

For the FYE 31 December 2007, average GP margin for Juru Heights (Phase I) under Juru Heights increased from 17.00% in the FYE 31 December 2006 to 25.90% mainly attributable to sales of bungalow land and the commencement of the double storey terrace houses, three storey terrace houses and double storey shop offices which have higher average GP margin. The average GP margin for these projects were at 22.00%, 27.96%, 15.99% and 35.11% respectively. The low cost flats project which commenced in FYE 31 December 2007 has a gross loss margin of 17.70%. As it is part of the Government's policy to build low cost flats for every project that has more than 150 residential units, the low cost flat project of Juru Heights which commenced in the FYE 31 December 2007 was estimated to have a gross loss of approximately RM1.38 million. As such, there was a provision for foreseeable loss of approximately RM1.38 million being provided in the financial statements. However, revenue from other projects was sufficient to cover the gross loss from the low cost flat project. As such, the overall GP margin of 25.90% was recorded. The overall GP margin of Juru Heights (Phase I) project of 25.90% is lower than the overall estimated GP margin of 28.43% was mainly due to discount of approximately RM2.29 million was given to the house purchasers during the FYE 31 December 2007 to attract more sales.

For the FYE 31 December 2007, the overall estimated GP margin for Juru Heights (Phase II) project under Juru Heights was 32.48%. For the FYE 31 December 2007, the project recorded a GP margin of 31.58% which was lower than the estimated GP margin of 32.48% mainly due to discount of RM14,170 was given while the project was at 1% stage of completion.

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On the other hand, the Juru Heights Phase I project under Tokoh Edaran recorded a GP margin of 15.91% in the FYE 31 December 2007 which was in line with the project's estimated GP margin of 15.91%.

The launching of the new project by Hong Hong, known as Palm Villas also recorded a GP margin of 25.51%. Furthermore, Casa Impian I of IntanAsia also achieved GP margin of 36.29% during the financial year.

FYE 31 December 2008

During the FYE 31 December 2008, the Group recorded a GP of RM37.80 million and GP margin of 29.99%, an increase from the previous year recorded figure of RM26.70 million and 27.50% respectively. This mainly resulted from GP and GP margin improvement in IntanAsia, Juru Heights, Tokoh Edaran, Perquest and Tambun Indah SB.

Juru Heights's average GP margin for Juru Heights Phase I project increased from 25.90% to 30.50% mainly due to discount given to house purchasers during the FYE 31 December 2008 of approximately RM0.79 million was lower than the discount given in the FYE 31 December 2007 of approximately RM2.29 million. In addition, there was a foreseeable loss written back of approximately RM0.80 million during the financial year arising from the low cost flats project mainly due to the recognition of revenue and costs from the low cost flats during the year which has accounted for the loss from the low cost flats sold. As such, the provision of foreseeable loss of RM0.80 million which was first made in FYE 31 December 2007 was no longer required and was written back in FYE 31 December 2008, when the actual loss was recognised.

Juru Heights (Phase II) under Juru Heights recorded a GP margin of 18.41% in the FYE 31 December 2008 which was lower than the GP margin of 31.58% in the FYE 31 December 2007. This was mainly due to an upward revision in the estimated cost of approximately RM3.24 million which was an increase of 17.08% as compared to previous year's estimated cost of approximately RM18.96 million. This was mainly derived from variation order in earth work of approximately RM2.00 million and other infrastructure works such as road and drainage and water reticulation and sewerage work amounting to approximately RM1.20 million as the project progressed to 46.79% completion.

On the other hand, the GP margin of the Juru Heights Phase I project under Tokoh Edaran increased from 15.91% in the FYE 31 December 2007 to 28.84% in FYE 31 December 2008 mainly due to increase in the estimated revenue by 4.18% resulting from an upward price adjustment of the project due to increasing demand for Juru Heights houses, and a decrease in the estimated cost by 5.34% mainly due to actual building construction cost awarded to sub-contractors was lower than the previous estimated cost.

Furthermore, Perquest's GP margin for Taman Tambun Emas (Phase II) project increased from 20.03% to 38.93% for the FYE 31 December 2008 because of the actual development cost incurred was lower than the estimated costs incurred for the project Taman Tambun Emas (Phase II). Besides that, the project's selling price was increased during the year due to higher market demand.

However, the Casa Permai project under Perquest had recorded a negative GP margin of 10.66% for the FYE 31 December 2008. This was mainly due to revenue was recognised based on the stage of completion while discount given to house buyers was based on the full sales price and was fully charged out to statement of comprehensive income immediately in the period of discount being given. As such, revenue recognised for Casa Permai project during the financial year of approximately RM1.23 million was at the stage of 10.49% completion which gave rise to a GP of RM257,000 while the discount given to the house buyers of Casa Permai project was approximately RM387,000 which was fully charged out to statement of comprehensive income during the FYE 31 December 2007. Thus, negative GP margin was derived.

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In addition, the GP margin of Tambun Indah SB increased from 18.11% to 93.64% because the cost of the club house was charged out in previous years. Hence, the club house was sold at no cost and the GP margin for the club house is 100%.

FYE 31 December 2009

During the FYE 31 December 2009, a higher GP of RM32.27 million and GP margin of 31.99% was recorded as compared to RM37.80 million and 29.99% respectively, in the FYE 31 December 2008. The increase in GP and GP margin were contributed by Juru Heights, Tokoh Edaran, Jasnía and Perquest.

For the FYE 31 December 2009, average GP margin of Juru Heights for Juru Heights Phase I project increased from 30.50% to 44.36% mainly due to a revision on the estimated development cost as the project was almost completed during the financial year thus leading to a more accurate projection and the estimated development cost. The revised estimated development cost showed a decrease of approximately RM5.17 million or 5.41% as compared to previous year's estimated development cost of approximately RM95.50 million. The decrease in the revised estimated development cost was mainly due to the reversal of contingency cost of approximately RM4.00 million and transferred to infrastructure work incurred under Phase I and Phase II which amounted to approximately RM1.10 million. Upon completion, the costs have been agreed upon resulting in the crystallisation of actual costs which were lower than the estimated cost. As such, the lower actual development cost has resulted in higher GP and thus higher GP margin.

The GP margin of Juru Heights (Phase II) under Juru Heights decreased to 10.64% in the FYE 31 December 2009 as compared to GP margin of 18.41% in the FYE 31 December 2008. This was mainly due to a further revision in the estimated development cost of the project by 5.56% as the project achieved 60.88% completion. The upwards revision in estimated development costs was mainly due to transferred of infrastructure work incurred from Phase I amounting to approximately RM1.10 million.

During the FYE 31 December 2009, Juru Heights Phase I project under Tokoh Edaran recorded a lower GP margin of 10.17% as compared to previous year's GP margin of 28.84%. This was mainly due to revision on the estimated development cost as the project has reached 93.74% completion as at 31 December 2009 as compared to 85.29% completion as at 31 December 2008 which provides a more accurate projection and estimated development cost. The revised estimated development cost showed an increase of approximately RM343,500 which was due to increase in staff costs and overhead cost and had resulted in a lower GP margin towards the end of the project. The Juru Heights Phase II project under Tokoh Edaran recorded a GP margin of 24.86% in the FYE 31 December 2009 was in line with the project's estimated GP margin of 24.86%.

Furthermore, Jasnía's GP margin increased from 14.71% during the FYE 31 December 2008 to 28.81% during the FYE 31 December 2009. This was a result from lower discounts given by Jasnía for the FYE 31 December 2009 of RM212,000 for 16 units sold which was lesser than the total discount given by Jasnía of RM414,000 for 38 units sold for the FYE 31 December 2008.

The GP margin of Casa Permai project under Perquest increased to 24.60% during the FYE 31 December 2009 mainly due to a revision on the estimated cost of the project as it had reached 88.24% completion thus leading to a more accurate estimation of the project costs. The revised estimated cost decreased by approximately RM600,000 or 2.84% as compared to previous year's estimated cost of approximately RM21.11 million. Furthermore, the GP margin for Casa Permai project of 24.60% during the FYE 31 December 2009 was in line with the estimated GP margin of the project of 24.60%.

13. FINANCIAL INFORMATION**FPE 30 June 2010**

For the FPE 30 June 2010, the Group recorded a higher GP of approximately RM20.20 million and GP margin of 35.24% as compared to RM17.42 million and 31.93% respectively, in the unaudited FPE 30 June 2009. The main contributors to the Group's total GP were Tokoh Edaran, Juru Heights, Tambun Indah Development and Perquest. Juru Heights Phase I of Tokoh Edaran, Casa Impian II of Jasnias and Casa Permai of Perquest recorded high GP margins during the financial period.

Tokoh Edaran's Juru Heights Phase I and Juru Heights Phase II reflected a higher GP margin of 89.24% and 37.95% respectively as compared to 23.60% and 26.20% respectively in the previous comparable period. The improvement seen in Juru Heights Phase I was a result of the revision on the estimated development cost as the project was 100% completed as at FPE 30 June 2010 as compared to 93% completion as at unaudited FPE 30 June 2009 whereby development costs estimation was revised to reflect a more accurate figure. Whereas, improvement of GP margin for Juru Heights Phase II was due to an upward selling price adjustment, from RM47.50 million to RM52.10 million, for the bungalow projects due to increasing demand.

Meanwhile, Juru Heights Phase I and Juru Heights Phase II projects contributed RM2.01 million and RM1.33 million respectively to the Group's GP with the combined GP of projects from these 2 phases making up 16.50% of the Group's total GP. In addition, GP margin of the bungalow project of Juru Heights Phase II increased from 6.63% in unaudited FPE 30 June 2009 to 23.85% for the current financial period. This improvement can be attributed to the higher percentage of completion achieved of 72% as compared to 55% in the previous comparable financial period. Thus, the estimated costs were revised to reflect a more precise figure.

A GP and GP margin of approximately RM3.39 million and 25.69% contributed by Pearl Garden of Tambun Indah Development as the project was launched towards the end of the FYE 31 December 2009. Therefore, the GP and GP margin recorded for the comparable period 30 June 2009 was nil. The actual GP margin achieved was in line with the project's estimated GP margin of 25.35%.

Project Casa Permai of Perquest recorded GP and GP margin of approximately RM2.08 million and 43.39% showing an increase when compared to approximately RM1.39 million and 23.09% in unaudited FPE 30 June 2009. This was mainly due to the project completion improved from 49% to 99% completion during the current financial period. The estimated costs which were over estimated in the prior year have thus been adjusted accordingly with the project nearing its completion.

In addition, Jasnias contributed a GP margin of 75.02% to the Group through its Casa Impian II project. The high GP margin attained was mainly due to a revision on the estimated development cost and estimated revenue as the project was almost completed during the FPE 30 June 2010 thus leading to a more accurate projection and the estimated development cost. Casa Impian II achieved 96% of completion as compared to 58% as at the unaudited FPE 30 June 2009.

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13. FINANCIAL INFORMATION

13.3.5 Other operating income

	← Proforma Group →				
	← Audited →			Unaudited	
	← FYE 31 December →		← FPE 30 June →		
	2007	2008	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Administrative charges	12	14	25	9	7
Bank interest	-	-	69	25	89
Deposit forfeited	72	103	38	21	19
Distributable income from marketable securities	589	816	-	-	-
Gain on disposal of investment properties	-	-	45	-	-
Interest on fixed deposits	14	202	826	417	440
Interest on Housing Development Accounts ("HDA")	118	221	126	41	24
Interest on stakeholders sum	14	44	22	37	-
Late payment interest received	24	34	229	38	127
Others	9	25	2	1	2
Other interest income	-	-	341	-	217
Upgrading work	1,196	339	523	-	173
	<u>2,048</u>	<u>1,798</u>	<u>2,246</u>	<u>589</u>	<u>1,098</u>

From the FYE 31 December 2007 to FPE 30 June 2010, the Group's other operating income consists mainly of upgrading works charges, distributable income from marketable securities and interest income.

The distributable income from marketable securities was derived from the investment of excess funds under a fund named AmIncome managed by AmInvestment Services Berhad to generate additional tax exempt income. Whereas, interest on fixed deposits is derived from placement of funds in fixed deposits placed with financial institutions.

FYE 31 December 2007

During the FYE 31 December 2007, other operating income increased by 47.00% was mainly due to purchasers who required upgrading work on their properties and placement of funds in AmIncome to earn distributable income.

FYE 31 December 2008

Other operating income decreased by approximately 12.21% to approximately RM1.80 million in the FYE 31 December 2008 mainly due to the reduction in demand for upgrading works.

FYE 31 December 2009

For the FYE 31 December 2009, a 24.92% increase in other operating income was mainly due to upgrading works required by purchasers from Palm Villas project, Juru Heights Phase I and Phase II projects. In addition, increase in late payment interest received was from purchasers for late payment of progress billing. Furthermore, additional income generated through other interest income was due to interest received from a shareholder for early settlement of the final payment for the purchase of land from the shareholder.

13. FINANCIAL INFORMATION**FPE 30 June 2010**

Other operating income for FPE 30 June 2010 showed a 46.36% decrease, this was mainly due to the absence of other interest income during the financial period as the interest income generated was from a one-off transaction. Besides that, there is also no demand for upgrading works as at 30 June 2010. In addition, purchasers made prompt repayments thus reducing interest charged on late payments.

13.3.6 Finance costs

	←————— Proforma Group —————→				
	←————— Audited —————→			Unaudited	
	←————— FYE 31 December —————→			←————— FPE 30 June —————→	
	2007	2008	2009	2010	2009
RM'000	RM'000	RM'000	RM'000	RM'000	
Interest on term loan	117	74	602	1	387
Interest on hire purchase	3	-	-	-	-
	120	74	602	1	387

The Group's finance cost is made up of interest charged on term loans and hire purchase facilities utilised from financial institutions in Malaysia.

FYE 31 December 2007

For the FYE 31 December 2007, finance costs incurred was for interest charged on term loan facility utilised by Perquest to finance the purchase of a parcel of land for development. The term loan, with a 36 months repayment period, had commenced on December 2006 and been fully settled in the FYE 31 December 2007. Besides that, Tokoh Edaran incurred interest expense for hire purchase during the financial year for purchase of a motor vehicle.

FYE 31 December 2008

For the FYE 31 December 2008, Tambun Indah Development obtained a term loan facility of RM20.70 million from Malayan Banking Berhad to part finance the purchase of a piece of vacant land for a repayment period of 36 months. The loan was approved in November 2008 and as such interest on term loan was charged for 2 months which amounted to RM74,000.

FYE 31 December 2009

For the FYE 31 December 2009, the Group's finance charges showed a significant increase by 713.51% as the term loan facility utilised by Tambun Indah Development only commenced on 13 November 2008, therefore the interest charged for the current financial year was expenses incurred for the full financial year as opposed to the FYE 31 December 2008.

FPE 30 June 2010

For the FPE 30 June 2010, there was a noteworthy decrease in the Group's finance costs as a result of Tambun Indah Development capitalising the term loan facility into its development costs, which was in line with the commencement of the property development project. Finance costs incurred during the financial period was from IntanAsia, which obtained a term loan facility of RM3.20 million to part finance the purchase of vacant land for a repayment period of 36 months. However, the first drawdown only occurred in June 2010.

13.3.7 General and administrative expenses

The general and administrative expenses consist mainly of staff cost, depreciation, utilities expenses, general maintenance expenses, travelling expenses, other routine and miscellaneous expenses, etc. These expenses were incurred in the normal courses of the Group's business.

13. FINANCIAL INFORMATIONFYE 31 December 2007

The general and administrative expenses decreased by 50.60% from approximately RM0.83 million in FYE 31 December 2006 to RM0.41 million in FYE 31 December 2007. This was mainly due to decrease in general and administrative expenses in Denmas and Tambun Indah SB by 96.00% and 81.00% respectively as there was a decrease in staff cost in Denmas and Tambun Indah SB following the completion of the majority of the projects in the FYE 31 December 2006.

FYE 31 December 2008

The general and administrative expenses increased significantly by 551.22% from approximately RM0.41 million in FYE 31 December 2007 to approximately RM2.67 million in FYE 31 December 2008. This was mainly due to increase in staff headcount, staff related expenses and certain office expenses such as printing and stationery for Juru Heights and Tokoh Edaran as the project of Juru Height Phase I and Phase II were actively progress during the financial year. Besides that, other ongoing projects which were newly launched towards the end of FYE 31 December 2007 such as Palm Villas project of Hong Hong and Taman Tambun Emas II project of Perquest which commenced active development during the financial year and resulted to the Group incurring additional administrative cost. During the financial year, the Group also charged out listing expenses of approximately RM0.60 million, other professional fee and office maintenance cost for consultation of the exercise and rebranding of the Group.

FYE 31 December 2009

The general and administrative expenses decreased by 35.21% from approximately RM2.67 million in FYE 31 December 2008 to approximately RM1.73 million in FYE 31 December 2009. This was mainly due to related listing expenses which incurred in the FYE 31 December 2008 was not recurrent in FYE 31 December 2009.

FPE 30 June 2010

General and administrative expenses for FPE 30 June 2010 of approximately RM1.01 million recorded 44.29% increase as compared to approximately RM0.70 million for unaudited FPE 30 June 2009. Tokoh Edaran, Tambun Indah Development and Perquest represented the main contributors to the rise with each contributing an addition of approximately RM100,000 each when compared to their respective figure in the previous comparable financial period. This was due to the projects, i.e Juru Heights (Phase II) of Tokoh Edaran, Pearl Garden of Tambun Indah Development and Casa Permai of Perquest, incurred additional staff costs and administrative costs as they were under active development during the financial period.

13.3.8 Selling and marketing expenses

The selling and marketing expenses consist mainly of advertisement, printing and distribution of brochures and flyers, sales incentive expenses and staff costs for sales and marketing personnel. These expenses were incurred in promoting the sale of the development projects of the Group.

FYE 31 December 2007

During the FYE 31 December 2007, the Group's selling and marketing expenses increased by 17.98% from approximately RM0.89 million in FYE 31 December 2006 to RM1.05 million in FYE 31 December 2007. This was mainly due to additional advertisement and promotion expenses incurred in promoting the Palm Villas project of Hong Hong and Taman Tambun Emas (Phase II) project of Perquest during the financial year.

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13. FINANCIAL INFORMATION

FYE 31 December 2008

The selling and marketing expenses increased significantly by 112.38% from approximately RM1.05 million in FYE 31 December 2007 to RM2.23 million in FYE 31 December 2008. The significant increase in selling and marketing expenses mainly was due to increase in sales commission, bonus and incentive paid to sales and marketing personnel for the Juru Heights Phase I and Phase II projects. Besides, advertisement and promotional expenses also increased to promote the newly launched Casa Impian II project by Jasniah and to continuously promote the ongoing project which was launched in FYE 31 December 2007 such as Palm Villas project by Hong Hong and Taman Tambun Emas (Phase II) project of Perquest.

FYE 31 December 2009

The selling and marketing expenses had decreased by 11.21% from approximately RM2.23 million in FYE 31 December 2008 to approximately RM1.98 million in FYE 31 December 2009. The decrease in selling and marketing expenses was mainly due to decrease in sales commission paid following the overall decrease in the number of units sold.

FPE 30 June 2010

For the FPE 30 June 2010, the Group selling and marketing expenses of approximately RM943,000 reflected a 2.28% downwards fluctuation upon comparison with the previous comparable period of approximately RM965,000. The decrease in selling and marketing expenses by RM22,000 in FPE 30 June 2010 as compared to FPE 30 June 2009 was mainly due to the completion of projects for Palm Villas in Hong Hong, Casa Impian II in Jasniah, Juru Heights Phase I in Juru Heights and Casa Permai in Perquest. The completion of the above projects had significantly reduced the advertisement and promotional expenses by RM330,000.

However, the decrease in the above expenses which was due to the completion of projects had partially offset by the increase in selling and marketing expenses such as advertisement expenses, launching expenses and model house expenses in newly launched project in Cenderaman and CBD Land amounted to RM52,000 and RM29,000 respectively. Besides, the selling and marketing expenses in Tambun Indah Development and Zipac also increased by RM190,000 and RM37,000 respectively as additional advertisement and promotional expenses incurred in order to attract more purchasers.

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13. FINANCIAL INFORMATION

13.4.11 Trade payables

A summary of the trade payables as at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010 are as follows:

	← Proforma Group Audited →			
	← As at 31 December →		As at 30 June	
	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000
Trade payables				
- Payables	3,736	172	-	9,009
- Retention sum	4,087	6,730	7,202	7,502
Amount owing to a related party				
- Payables	383	-	-	-
- Retention sum	962	-	-	-
	<u>9,168</u>	<u>6,902</u>	<u>7,202</u>	<u>16,511</u>
Cost of sales	<u>70,377</u>	<u>88,242</u>	<u>68,606</u>	<u>37,120</u>
% of trade payables to development costs	13.03%	7.82%	10.50%	44.48%
Trade payables' turnover period (months)	1.56	0.94	1.26	2.67

Trade payables consist of retention sum which are not due for payment to the contractors at the respective statement of financial position date.

The Company normally makes payments to trade payables within the credit period granted of 14 to 30 days.

Retention sum of 2.5% or 5% of contract sum is payable after 6 months to 18 months from the completion date.

(i) Commentaries on trade payables

As at 31 December 2007

As at 31 December 2007, the total trade payables' turnover period was higher at 1.56 months mainly due to amount owing to sub-contractor for work done and also retention sum for the projects of Epiland, Hong Hong, Juru Heights, Perquest, Tambun Indah SB and Tokoh Edaran which are not due for payment to the contractors.

As at 31 December 2008

The trade payables' turnover period as at 31 December 2008 decreased to 0.94 months as compared to 31 December 2007 trade payables' turnover period of 1.56 months was mainly due to repayment of payable balance from Juru Heights and Tokoh Edaran to their main contractors. As a result, the trade payables' turnover period decreased to less than a month. Approximately 97.51% of trade payables were retention sums which are not due for payment to the contractors.

The turnover period is within the Group's normal trade payable credit period of 14 to 30 days.

As at 31 December 2009

The increase in the trade payables' turnover period of 1.26 months as at 31 December 2009 as compared to 0.94 months as at 31 December 2008 was due to additional retention sum from Tokoh Edaran as most of the projects were near completion. In addition, there was additional retention sum from Perquest, Zipac and Tambun Indah Development during the financial year which was mainly due to commencement of new construction projects.

13. FINANCIAL INFORMATION

(iii) Commentaries on profits from operationsFYE 31 December 2007

The Group's profit from operations in the FYE 31 December 2007 improved by 311.58% which was RM20.53 million as compared to the FYE 31 December 2006. For the FYE 31 December 2007, the Group's profit from operations was recorded at RM27.12 million. Juru Heights and Tokoh Edaran contributed approximately RM15.66 million to the Group's profit from operations mainly through the commencement of new projects under Juru Heights Phase I and II and the bungalow land in Phase I achieved 36% completion enabled higher billing and revenue. In addition, Casa Impian I of IntanAsia contributed RM5.67 million to the Group's figure with the project attaining 72% completion and Hong Hong chipped in RM3.36 million to the Group's profit from operations with the launch of its Palm Villas project during the year.

Epiland and Perquest recorded RM1.46 million and RM1.05 million respectively with Taman Seri Tambun (Phase II) of Epiland reaching 100% completion and Taman Tambun Emas (Phase II) of Perquest was launched during the FYE 31 December 2007.

Furthermore, profit from operations also reflected proceeds from purchasers who paid for upgrading work amounting to RM1.20 million and also interest income from additional placement of funds in AmIncome of RM0.60 million. In addition, there was a decrease in the selling and marketing expenses by 97.00% as most units were sold by Epiland.

FYE 31 December 2008

For the FYE 31 December 2008, profit from operations increased by 27.35% with the Group's total amount adding up to RM34.54 million as compared to the total figure of FYE 31 December 2007.

Juru Heights and Tokoh Edaran jointly contributed RM17.55 million to the Group's profit from operations through higher revenue recorded due to higher stage of completion of Juru Heights Phase I and Phase II projects. Meanwhile, Hong Hong's Palm Villas project contributed RM5.72 million to the Group's figure as the project reached 80% completion during the financial year.

In addition, IntanAsia's Casa Impian I and Perquest's Taman Tambun Emas Phase II attained 100% completion during the year and recorded RM4.90 million and RM2.25 million in the Group's profit from operations respectively. During the FYE 31 December 2008, Tambun Indah SB generated RM3.58 million of profit from operations mainly from the sale of a club house which was developed previously, thereby, with the cost of the club house charged out in previous years, the club house was sold at no cost.

However, general and administrative expenses increased from RM0.42 million to RM2.70 million during the year mainly due to the fact that Juru Heights and Tokoh Edaran became active during the financial year thereby incurring expenses such as staff costs and professional fees.

FYE 31 December 2009

For the FYE 31 December 2009, the Group's profit from operations was recorded as RM30.62 million showing an 11.35% decrease in comparison to RM34.54 million in FYE 31 December 2008.

Jointly built projects of Juru Heights and Tokoh Edaran under Juru Heights' projects have been completed during the year. At the same time, Palm Villas project of Hong Hong was completed during the year and recognised the remaining 20.00% of revenue. During the year, Hong Hong launched a new project known as Seri Palma and the percentage of work completed was only 9%.

13. FINANCIAL INFORMATION

Nevertheless, Perquest and Jasnica contributed RM3.38 million and RM3.37 respectively to the Group's profit from operations from their respective Casa Permai project and Casa Impian II project. The Casa Permai project had achieved 70% completion by the end of the financial year, while the Casa Impian II project attained 90% completion.

On the other hand, the Group's profit from operations showed an overall decrease mainly because IntanAsia and Tambun Indah SB had completed their respective Casa Impian I project and Taman Tambun Indah project in the previous financial year and there was no new project development. Thus, combined revenue contribution for these 2 companies showed a decrease of 96.80% with total revenue of RM0.27 million for the FYE 31 December 2009 as compared to total revenue of RM8.45 million for the FYE 31 December 2008.

However, administrative, marketing and selling expenses decreased by 24.12%, amounting to RM1,183,000 (FYE 31 December 2009: RM3,722,000; FYE 31 December 2008: RM4,905,000) mainly from Juru Heights and Hong Hong as the projects under these companies was completed during the financial year.

FPE 30 June 2010

The Group's profit from operations for the FPE 30 June 2010 improved by 12.04%, which was RM2.02 million more as compared to unaudited FPE 30 June 2009. For the previous comparable financial period, the Group's profit from operations was recorded at RM16.75 million. Tokoh Edaran and Tambun Indah Development were the main contributors towards the improvement of the Group's profit from operations.

Tokoh Edaran contributed RM8.21 million to the Group's total profit from operations as its bungalows project from Juru Heights Phase II attained 45% completion as opposed to 4% in the unaudited FPE 30 June 2009. This projected a 323.20% improvement as compared to the profits from operations recorded at RM1.94 million in the prior comparable financial period.

In the meantime, Pearl Garden of Tambun Indah Development generated profit from operations of approximately RM3.06 million. This is significantly contrasting to the unaudited FPE 30 June 2009 whereby no revenue stream was generated as the project Pearl Garden was only launched in November 2009. Therefore profit from operations recorded for unaudited FPE 30 June 2009 was approximately RM0.15 million.

13.3.10 PBT

	Proforma Group				
	Audited			Unaudited	
	FYE 31 December			FPE 30 June	
	2007	2008	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	26,999	34,461	30,018	18,763	16,361

(i) Commentaries on PBT

FYE 31 December 2007

PBT increased by RM20.45 million or 312.84% from RM6.54 million in FYE 31 December 2006 to RM27.00 million in FYE 31 December 2007. The increase in PBT was mainly due to the increase in GP of RM19.36 million, an increase in other operation income of RM0.95 million as well as a decrease in administrative expenses RM0.42 million.

13. FINANCIAL INFORMATION

FYE 31 December 2008

PBT increased by RM7.46 million or 27.64% from RM27.00 million in FYE 31 December 2007 to RM34.46 million in FYE 31 December 2008. The increase in PBT was mainly due to the increase in GP of RM1.42 million, which was partially offset by a decrease in other operating income of RM0.25 million as well as an increase in administrative expenses, and selling and marketing expenses of RM2.26 million and RM1.18 million respectively.

FYE 31 December 2009

PBT decreased by RM4.44 million or 12.89% from RM34.46 million in FYE 31 December 2008 to RM30.02 million in FYE 31 December 2009. The decrease in PBT was mainly due to the decrease in GP of RM5.54 million, which was partially offset by an increase in other operation income of RM0.45 million as well as a decrease in administrative expenses and selling, and marketing expenses of RM0.94 million and RM0.26 million respectively.

FPE 30 June 2010

PBT increased by RM2.40 million or 14.68% from RM16.36 million as at the unaudited FPE 30 June 2009 to RM18.76 million as at the FPE 30 June 2010. The increase in PBT was mainly attributable to the increase in GP of RM2.78 million, which was slightly offset by an approximately RM500,000 reduction in other operating income.

13.3.11 Tax rate

		←————— Proforma Group —————→				
		←————— Audited —————→			←————— Unaudited —————→	
		←————— FYE 31 December —————→		←————— FPE 30 June —————→		
		2007	2008	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000	RM'000
Pre-tax profit (RM'000)	(a)	26,999	34,461	30,018	18,763	16,361
Taxation (RM'000)						
Current tax	(b)	7,509	9,999	6,168	3,931	5,075
(Over)/Under provision in prior year	(c)	(68)	986	86	730	-
Tax expenses	(d)	7,441	10,985	6,254	4,661	5,075
Effective (%)	(b/a)	28	29	21	20	31
Statutory (%)		20 & 27	20 & 26	20 & 25	20 & 25	20 & 25

For the year of assessment ("YA") 2007 until the YA 2009, the Malaysian Government enacted a change in the statutory income tax rate for small and medium scale companies ("SMI") with paid-up share capital of RM2.50 million and below at the beginning of the basis period for a YA. These SMIs will be subject to a corporate tax rate of 20% on the first chargeable income of RM500,000. For chargeable income in excess of RM500,000, corporate tax rate of 27%, 26% and 25% is applicable for YA 2007, YA 2008 and YA 2009 respectively.

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13. FINANCIAL INFORMATION

For tax computation purposes, progress billings were used to compute the chargeable income instead of percentage of completion which was used to compute accounting profit.

(i) Commentaries on tax rate**FYE 31 December 2007**

The effective tax rate for the FYE 31 December 2007 was slightly higher than the statutory tax rate mainly due to a foreseeable loss from Juru Heights amounting to RM1.38 million was recognised in the pre-tax profit but was not allowable in arriving at the chargeable income.

This was due to the Government's policy to build low cost units for every project that have more than 150 units. The low cost flat project of Juru Heights which commenced in the FYE 31 December 2007 was estimated to have a gross loss of approximately RM1.38 million. As such, there was a provision for a foreseeable loss of approximately RM1.38 million being provided for this low cost flat project.

FYE 31 December 2008

The effective tax rate for the FYE 31 December 2008 was higher than the statutory tax rate mainly due to Juru Heights' project had progress billing of 66% which was higher than the percentage of completion of 55%. As such, the chargeable income was higher than the accounting profit and thus resulted in higher effective tax rate as compared to statutory tax rate. Furthermore, the Group incurred approximately RM600,000 in listing expenses for the financial year, which was a non-deductible expenses and was disallowed when computing the tax chargeable income.

FYE 31 December 2009

The effective tax rate for the FYE 31 December 2009 was within the range of statutory tax rate of 20% on the first chargeable income of RM500,000 and 25% for chargeable income in excess. As such, the Group enjoy the corporate tax rate of 20% on the first chargeable income of RM500,000 and resulted at 21% tax rate.

FPE 30 June 2010

The effective tax rate for the FPE 30 June 2010 was within the range of statutory tax rate of 20% on the first chargeable income of RM500,000 and 25% for chargeable income in excess.

13.3.12 PAT

	← Proforma Group →				
	← Audited →			← Unaudited →	
	← FYE 31 December →			← FPE 30 June →	
	2007	2008	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	19,558	23,476	23,764	14,102	11,286

(i) Commentaries on PAT**FYE 31 December 2007**

The increase in Tambun Indah's PAT of RM14.78 million or 309.21% from RM4.78 million in FYE 31 December 2006 to RM19.56 million in FYE 31 December 2007 is in line with the increase in PBT during the year.

13. FINANCIAL INFORMATION**FYE 31 December 2008**

The increase in Tambun Indah's PAT of RM3.92 million or 20.03% from RM19.56 million in FYE 31 December 2007 to RM23.48 million in FYE 31 December 2008, which is in line with the increase in PBT of 27.64% during the year. However, the increase was partially offset by a slight increase in tax expense.

FYE 31 December 2009

The increase in Tambun Indah's PAT by RM0.29 million or 1.23% from RM23.48 million in FYE 31 December 2008 to RM23.76 million in FYE 31 December 2009 despite a decrease in PBT is attributable to a reduction in the statutory tax rate and a lower effective tax rate.

Furthermore, for tax computation purposes, progress billings were used to compute the chargeable income instead of percentage of completion which was used to compute accounting profit. As most of the progress billing was recognised in the FYE 31 December 2008 and resulted in a lower progress billings recognised in the FYE 31 December 2009, as such the chargeable income for the FYE 31 December 2009 was lower. This resulted in a lower effective tax rate.

FPE 30 June 2010

The increase in Tambun Indah's PAT by RM2.81 million or 24.89% from RM11.29 million in unaudited FPE 30 June 2009 to RM14.10 million in FPE 30 June 2010 is in line with the increase in PBT during the financial period.

13.3.13 Impact of foreign exchange/interest rates/commodity prices on operating profits

Our business operations and customers are primarily within Malaysia. Although we have foreigners who purchased our development properties, the foreigners are billed in RM and their amount of payments for our development properties were received in equivalent to the selling price that they have to pay in RM. As such, there is no material impact of foreign exchange on the operating profits of our Group for the past 3 FYE 31 December 2007, 2008 and 2009 and 2 FPE 30 June 2009 and 2010. Accordingly, we do not require any hedging policies and have not entered into any forward contracts in respect of our foreign exchange exposure.

As at the LPD, our Group's total short-term and long-term bank borrowings amounted to approximately RM23.26 million. All the bank borrowings of our Group are interest bearing. Given that the interest charged on bank borrowings is dependent on interest rates and the total outstanding loans, future fluctuation of interest rates could affect our Group's profitability.

Certain raw materials used by our Group are commodities of which the prices fluctuate according to world prices. In some situations, increases in the price of raw materials might not be immediately passed on the end-users. If costs of raw materials escalate after the sale of the properties to the customers, we are unable to factor such increase in our selling prices. This may impact on the margins of our Group. However, in order to ensure constant supply of our raw materials and to ensure our purchases at competitive rates, our Group endeavours to maintain long-term relationships with our suppliers.

There was no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the financial years under review.

13.3.14 Impact of inflation

There was no material impact of inflation on our Group's historical financial results for the past 3 FYE 31 December 2007 to 2009 and 2 FPE 30 June 2009 to 2010.

13. FINANCIAL INFORMATION

13.3.15 Government/economic/fiscal or monetary policies

Risks relating to the Government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus.

There is no material impact of the Government, economic, fiscal or monetary policies or factors on our historical profits for the past 3 FYE 31 December 2007 to 2009 and 2 FPE 30 June 2009 to 2010.

13.3.16 Material changes in sales/revenue

A discussion on the reasons on material changes in our revenue for the past 3 FYE 31 December 2007 to 2009 and 2 FPE 30 June 2009 to 2010 is set out in Section 13.3.2 of this Prospectus.

13.3.17 Exceptional and extraordinary items

There were no exceptional and extraordinary items for the past 3 FYE 31 December 2007 to 2009 and 2 FPE 30 June 2009 to 2010.

13.3.18 Order book

Due to the nature of our business, we do not maintain an order book. We generate our revenues as and when we deliver our products pursuant to purchase orders.

13.4 LIQUIDITY AND CAPITAL RESOURCES

13.4.1 Working capital

Our operations are funded by a combination of internal and external source of funds. Internal sources of funds comprise mainly cash generated from our development projects, cash and bank balances while external source of funds comprise to an extent borrowings from banks and capital contribution from shareholders.

The principal use of these funds are for working capital purposes such as purchases of raw materials, financing of trade receivables and operating expenses, capital expenditure, repayment of loans and advances, and payment of dividend to shareholders. As at 30 June 2010 (assuming after the Public Issue and utilisation of proceeds), our Group has fixed deposits pledged with a licensed bank of RM0.29 million, cash and cash equivalents of RM59.60 million and total borrowings of RM13.14 million. Our Group has a net working capital of RM124.57 million as at 30 June 2010.

Our Board is of the opinion that, after taking into consideration the cash flow position, banking facilities available and the net proceeds from the Public Issue, our Company would have adequate working capital for a period of 12 months from the date of this Prospectus.

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13. FINANCIAL INFORMATION**13.4.2 Cash flow**

A summary of our proforma consolidated statement of cash flows for the 6 months FPE 30 June 2010 is as follows:

	FPE 30 June 2010 RM'000
Net cash used in operating activities	(26,255)
Net cash used in investing activities	(1,757)
Net cash from financing activities	11,146
Net increase in cash and cash equivalents	(16,866)
Cash and cash equivalents at beginning of financial period	76,463
Cash and cash equivalents at end of financial period	<u>59,597</u>

There are no legal or economic restrictions on the ability of our Subsidiaries to transfer funds to our Company in the form of cash dividends or advances. We are confident that we can meet our cash obligations.

Net cash from the operating activities

Our Group recorded negative net cash used in operating activities for the FPE 30 June 2010 of RM26.26 million. Our Group's PBT amounted to RM18.76 million while working capital changes decreased by RM42.48 million. The decrease in working capital was due to the increase in land held for development of approximately RM9.01 million, increase in property development cost of approximately RM5.92 million, increase in receivables of approximately RM14.67 million and decrease in payables of approximately RM13.07 million, and offset with a decrease in inventories of approximately RM0.18 million.

Decrease in working capital changes from land held for development of RM9.01 million was mainly due to purchase of land by Denmas Development and TID Development for approximately RM5.29 million and RM5.09 million respectively, and offset by the transfer of land held for development to property development cost by CBD Land for approximately RM2.19 million.

Decrease in working capital changes from property development cost of RM5.92 million was mainly due to the newly lands purchased (Lot 195 and Lot 1790) by Intanasia and CBD Land which incurred land cost and development cost of approximately RM5.16 million and RM4.73 million respectively. In addition, there was a significant development cost incurred during the financial period for Pearl Garden of Tambun Indah Development of approximately RM5.83 million which was offset by the net development costs charged to statement of comprehensive income for Carissa Park of Zipac, Casa Permai of Perquest and Juru Heights Phase I of Juru Heights of approximately RM2.55 million, RM1.87 million and RM6.12 million respectively.

Decrease in working capital changes from receivables was mainly due to significant increase in percentage of completion in Pearl Garden project of Tambun Indah Development by 10% which resulted to the increase in trade receivables and accrued billings by approximately RM2.29 million and RM3.34 million respectively. In addition, deposits of approximately RM4.02 million was placed upon the purchase of Parcel B by Tambun Indah Development. During the financial period, percentage of completion for construction project of bungalow houses by Tokoh Edaran increased significantly which resulted to the increase in trade receivables and amount owing by customers by approximately RM1.22 million and RM10.19 million respectively but was offset by the decrease in receivables of Juru Heights, Perquest and Intanasia by approximately RM1.53 million, RM1.26 million and RM1.43 million respectively.

13. FINANCIAL INFORMATION

Decrease in working capital changes from payables was mainly due to capitalisation of advances by shareholders of Tambun Indah Development by approximately RM16.35 million which was offset by an increase in trade payables due to a retention sum and payments to sub-contractors which was not due for payment of approximately RM6.43 million. During the financial period, there were advances from Directors and shareholders of TID Development and TKS Land of approximately RM6.25 million and RM4.80 million respectively but was offset with repayment for advances by shareholders from Langstone, Tambun Indah Development, Jasnia and Perquest of approximately RM4.87 million. In addition, the progress billings in respect of property development of Juru Heights and Hong Hong decreased by RM7.59 million and RM2.07 million due to the substantial completion of Juru Heights Phase I of Juru Heights and Palm Villas of Hong Hong which achieved 97.16% (in average) and 98.58% completion.

Our Group also received interest income of approximately RM0.55 million mainly from interest from fixed deposits, interest from Housing Development Accounts and late payment interest from purchasers. Tax expenses of approximately RM2.59 million were paid during the year.

Net cash used in the investing activities

During the FPE 30 June 2010, our Group's net cash used in the investing activities was approximately RM1.76 million as compared to net cash flow used in investing activities of RM0.79 million in the FPE 30 June 2009 mainly due to the acquisition of Subsidiaries and purchase of property, plant and equipment by our Group of approximately RM1.38 million and RM0.43 million respectively.

Net cash used in the financing activities

During the FPE 30 June 2010, our Group's net cash from the financing activities was approximately RM11.15 million as compared to net cash flow used in financing activities of approximately RM8.55 million in the FPE 30 June 2009. This was mainly due to the payment of dividends of approximately RM26.60 million to the shareholders, repayment of term loan of approximately RM10.26 million and payment of estimated listing expenses amounting to RM2.60 million. This was offset with the receipt of cash inflow from IPO proceeds of RM22.40 million and proceeds from issuance of shares of RM25.01 million during the financial period.

13.4.3 Borrowings

Our total borrowings for the 3 FYE 31 December 2007 to 2009 and FPE 30 June 2010 are as follow:

	← Proforma Group Audited →			
	← as at 31 December →		as at 30 June	
	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000
BANK BORROWINGS				
Current				
- Interest bearing:				
Term loans	-	4,025	7,267	7,681
- Non-interest bearing	-	-	-	-
Non-Current				
- Interest bearing:				
Term loans	-	16,675	12,936	5,461
- Non-interest bearing	-	-	-	-
Total interest bearing borrowings	-	20,700	20,203	13,142
Total non-interest bearing borrowings	-	-	-	-
Gearing ratio after IPO and utilisation of proceeds ⁽¹⁾	-	0.18	0.18	0.10

13. FINANCIAL INFORMATION

Note:

- (1) *Based on proforma shareholders' funds as at 31 December 2009 of RM114.29 million and 30 June 2010 of RM127.34 million upon completion of the Public Issue and after the utilisation of proceeds.*

Our Group does not have any borrowings in foreign currency.

Our Group has not defaulted on payments of either principal sums and/or interest in respect of any borrowings throughout the past 3 FYE 31 December 2007 to 2009 and FPE 30 June 2010 and the subsequent financial period thereof up to the LPD.

As at 31 December 2007

As at 31 December 2007, the term loans were settled and there was no outstanding loan.

As at 31 December 2008

As at 31 December 2008, Tambun Indah Development made a bank borrowing from Malayan Banking Berhad amounting to RM20.70 million to part finance the purchase of a piece of vacant land. The interest on term loan was charged at the rate of cost of fund plus 1% per annum on monthly rest. The term loan is secured by first party legal charge over Tambun Indah Development's land held for development, corporate guarantee by Mutiara Goodyear Development Berhad and joint and several guarantee by the Directors of Tambun Indah Development.

Mutiara Goodyear Development Berhad, a listed company on the Main Market of Bursa Securities, is the holding company of Pembangunan Mutiara. Amal Pintas, Siram Permai and Tah-Wah jointly own 70% equity interest and Pembangunan Mutiara owns the remaining 30% interest in Tambun Indah Development. Apart from the above, there is no other relationship between Mutiara Goodyear Development Berhad and Tambun Indah Group.

As at 31 December 2009

As at 31 December 2009, Tambun Indah Development's term loan reduced by approximately RM3.24 million as on-time repayment was made throughout the financial year.

However, there was an additional bank borrowing made by Zipac from Malayan Banking Berhad which amounted to RM2.30 million to finance the purchase of a parcel of land for development. The interest on term loan was charged at the rate of 1% per annum above the bank's base lending rate and secured by legal charge over Zipac's freehold land and joint and several guarantee by the Directors of Zipac.

As at 30 June 2010

As at 30 June 2010, the term loan of Tambun Indah Development and Zipac were reduced by RM5.47 million and RM1.60 million respectively due to repayments made during the financial period.

Additional bank borrowings amounted to RM3.20 million was obtained by Intanasia from Malayan Banking Berhad to finance the purchase of Lot 195 for development. The interest on term loan was charged at the rate of 1.25% per annum below the bank's base lending rate for the first and second year and 1% above the bank's base lending rate for the year thereafter. The term loan was secured by legal charge over Intanasia's land for development and joint and several guarantees by the Directors of Intanasia. However, under proforma statements of financial position, this term loan will be repaid in full from the proceeds of public shares issued.

13.4.4 Breach of terms and conditions/Covenants associated with credit arrangement/Bank loan

To the best of our Directors' knowledge, as at the LPD, neither we nor any of our Subsidiaries are in breach of any terms and conditions or covenants associated with credit arrangement or bank loans, which can materially affect our financial position and results or business operations, or the investments by holders of securities in our Company.

13. FINANCIAL INFORMATION**13.4.5 Type of financial instruments used**

As at FYE 31 December 2007 to 2009 and FPE 30 June 2010, our Group's financial instruments consist mainly of cash and bank balances, trade and other receivables, trade and other payables, and borrowings. The abovementioned financial instruments are used in our Group's ordinary course of business.

Our Group does not enter into any sophisticated financial instruments, which is outside our ordinary course of business. Our Group is not exposed to fluctuation in foreign exchange rates and as at the LPD, we do not have nor are we using any financial instruments for hedging purposes.

13.4.6 Treasury policies and objectives

We have been financing our operations through a combination of cash generated from our operations and external source of funds. Our external source of funds comprises of credit terms granted by suppliers as well as bank borrowings. The normal credit terms granted to us by our trade suppliers range from 14 to 30 days.

We have long-term bank borrowings facilities available to our Group. Our long-term bank borrowings are mainly terms loans obtained to finance acquisition of land banks. The interest rates for our term loans are based on the prevailing cost of fund plus a margin agreed upon by our bankers when the respective term loans were granted.

Our Group does not generally hedge interest rate risks. Hedging of risks through the use of financial instruments may be adopted should its use results in significant cost savings. It is the policy of our Group that the interest rate obtained must be competitive.

We conduct of operation in RM and as such, our Group is not exposed to foreign exchange. Accordingly, we do not have any hedging policies nor have we entered into any forward contracts in respect of any foreign exchange exposure. Our cash and cash equivalent are maintained in RM.

13.4.7 Material commitments

As at the LPD, our Directors are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of our Group, save for the material capital commitments as set out below:

Development land	RM'000
- Parcel B	36,225
- Parcel C	53,223
Total	<u>89,448</u>

The abovementioned lands were acquired based on the current market value of the respective land as appraised by Henry Butcher Malaysia (Seberang Perai) Sdn Bhd for the purpose of future development.

We expect to finance the above capital commitment through a combination of internally generated funds and bank borrowings as follows:

	← Financing (RM'000) →		
	Internally generated funds	Bank borrowings	Total
Parcel B	8,225	28,000	36,225
Parcel C	16,223	37,000	53,223
Total commitments	24,448	65,000	89,448

13. FINANCIAL INFORMATION

13.4.8 Material litigation/Arbitration and contingent liabilities

As at the LPD, neither us nor any of our Subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on our financial position and/or our Subsidiaries, and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our position or business and/or our Subsidiaries.

As at the LPD, our Directors are not aware of any contingent liabilities, which upon being enforceable, may have a material impact on the financial performance and position of our Group.

13.4.9 Key financial ratios

The key financial ratios of our Group based on our audited proforma consolidated financial statements for the FYE 31 December 2007 to 2009 and the FPE 30 June 2010 are as follows:

	FYE 31 December			FPE
	2007	2008	2009	30 June 2010
Trade receivables turnover period (months)	2.23	1.29	2.07	2.01
Trade payable turnover period (months)	1.56	0.94	1.26	2.67
Inventory turnover period (months)	0.07	0.12	0.07	0.04
Current ratio (times)	1.26	1.71	1.94	3.92
Gearing ratio * (times)	-	0.18	0.18	0.10

Note:

* Based on proforma shareholders' funds as at 31 December 2009 of RM14.29 million and 30 June 2010 of RM127.34 million upon completion of the Public Issue and after the utilisation of proceeds.

13.4.10 Trade receivables

(i) Trade receivables

	Proforma Group Audited			
	as at 31 December			as at 30 June
	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
- Trade receivables	13,016	7,850	8,356	9,378
- Stakeholders' sum	1,065	2,691	4,760	4,725
	14,081	10,541	13,116	14,103
Accrued billings *	3,966	3,028	4,284	5,094
	18,047	13,569	17,400	19,197
Revenue	97,078	126,060	100,873	57,315
Trade receivables' turnover period (months)	2.23	1.29	2.07	2.01

Note:

* Accrued billings is in respect of excess of revenue recognised which was based on percentage of stage of completion as compared to progress billings to purchasers.

13. FINANCIAL INFORMATION**(ii) Trade receivables excluding stakeholders' sum**

	←———— Proforma Group Audited —————→			
	←———— As at 31 December —————→		→———— As at 30 June —————→	
	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000
Trade receivables	13,016	7,850	8,356	9,378
Accrued billings	3,966	3,028	4,284	5,094
	<u>16,982</u>	<u>10,878</u>	<u>12,640</u>	<u>14,472</u>
Revenue	<u>97,078</u>	<u>126,060</u>	<u>100,873</u>	<u>57,315</u>
Trade receivables' turnover period (months)	2.10	1.04	1.50	1.51

(iii) Commentary on trade receivables**As at 31 December 2007**

As at 31 December 2007, trade receivables increased to approximately RM16.98 million and the trade receivables' turnover period of 2.10 months was mainly due to substantial sales during the year attributable to the successful launching of Phase I and II projects by Juru Heights with total trade receivables amounted to approximately RM6.00 million. The balance of trade receivables consist of amount billed during the last 2 months of the financial year and was in respect of amount due from purchasers pending the respective financial institutions to release the relevant loans obtained by the purchasers.

Additionally, Hong Hong was the second contributor that led to the increase in trade receivables with trade receivables balance amounted to approximately RM3.60 million. This was mainly due to the launching of Palm Villas and subsequent to that progress billings were made towards the end of the financial year and payment was not due as at 31 December 2007.

Tokoh Edaran with trade receivables balance amounted to approximately RM1.80 million also contributed to the increase in trade receivables as at 31 December 2007. Included in the trade receivables balance were property purchasers of Juru Heights bungalows (Phase I).

Epiland also contributed towards the increase of trade receivables as at 31 December 2007 with trade receivables balance of approximately RM1.00 million. This balance consisted of the remaining 5% of purchase price being withheld by the stakeholder.

[Stakeholder means any solicitor holding monies as stakeholder for payment to a housing developer pursuant to sale and purchase agreements in respect of a housing development which the stakeholder sums are due within 8 to 24 months after the purchaser takes vacant possession of the said property.]

As at 31 December 2008

As at 31 December 2008, trade receivables balance decreased approximately to RM10.88 million as compared to 31 December 2007 and the trade receivables' turnover period decreased to 1.04 months was mainly due to payment received amounted to RM3.60 million from the purchasers of Palm Villa in respect of Hong Hong project.

In addition, the completion of Taman Seri Tambun project (Phase II) by Epiland also resulted to the decrease of trade receivables as payment amounted to RM1.00 million were received from property buyers during the year.

The decrease in trade receivables as at 31 December 2008 was also mainly due to payment received from Juru Heights subsequent to the OC obtained on 22 December 2008 for certain phases of the double storey terrace houses, three storey terrace houses, double storey shop offices and low cost flats project.

13. FINANCIAL INFORMATION

As at 31 December 2009

As at 31 December 2009, trade receivables balance increased by 16.20% mainly due to trade receivables of Hong Hong are made up of stakeholder sum of approximately RM2.20 million due from Palm Villa project. The balance of approximately RM200,000 was in respect of property buyers of Taman Seri Palma project that was launched towards the end of the financial year and progress billings were made towards the end of financial year had caused trade receivables to increase.

In addition the increase in trade receivables balance was also contributed by Jasniah whereby the balance of stakeholder sum amounted to RM1.20 million was in respect to the completion of Casa Impian II project and all units for the project had been sold and more billings were made during the year.

In addition, there was an increase of approximately RM800,000 trade receivables balance in Tambun Indah Development in respect to the launching of Pearl Garden in November 2009 as billings were made upon signing of sales and purchase agreement but the loans obtained by purchasers were still pending for release by the respective financial institutions.

As such, as at 31 December 2009 trade receivables turnover period increased to 1.50 months as compared to 1.04 months as at 31 December 2008.

As at 30 June 2010

As at 30 June 2010, trade receivables balance increased by 14.49% mainly due to the increase in trade receivables of Tambun Indah Development and Tokoh Edaran of approximately RM2.29 million and RM1.53 million respectively as a result of increase in percentage of completion in Pearl Garden project and construction of bungalow houses (Phase II) by 10% and 33.47% respectively.

In addition, the completion of the Taman Tambun Emas project (Phase II) and Casa Permai project by Perquest towards the end of the financial period also resulted to the increase in trade receivables and stakeholder sum of approximately RM1.53 million

However, the increase in trade receivables above was partly offset by the decrease in the trade receivables of Hong Hong and Juru Heights of approximately RM1.16 million and RM1.53 million respectively due to the payment from the stakeholders of Palm Villa and Juru Heights Phase I.

As at 30 June 2010, the trade receivables turnover period was at 1.51 months which is a marginal decrease as compared to 1.50 months as at 31 December 2010.

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13. FINANCIAL INFORMATION**(iv) Ageing analysis**

The ageing analysis of our Group's trade receivables as at 30 June 2010 is as follows:

	Within credit period		Exceeding credit period			Total
	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	3,025	1,741	743	434	3,435	9,378
Stakeholder sums	-	1,018	-	-	3,707	4,725
	3,025	2,759	743	434	7,142	14,103
% of total trade receivables	21	20	5	3	51	100

From the summary of trade receivables ageing analysis above, 80.44% of the trade receivables have exceeded the credit period. The outstanding amount of trade receivables of RM3.44 million which falls under the category of more than 120 days mainly consist of purchasers from Seri Palma project of Hong Hong, Juru Heights project of Juru Heights, Pearl Garden project of Tambun Indah Development, Carissa Park project of Zipac and construction works of Juru Heights bungalow houses of Tokoh Edaran. Our Group has embarked on a special package to promote sales for our Juru Heights' project whereby 10% of the selling price will only be collectible from purchasers upon delivery of vacant possession or by 12 to 15 monthly installments. The remaining of RM3.71 million consists of stakeholder sum of 2.5% which will only be received after 8 months from the date of vacant possession and the balance of 2.5% is receivable after 24 months from the date the OC is obtained.

As for the outstanding amount more than 90 days but not more than 120 days the percentage of trade receivables that falls under this category was 3.08% which mainly consist of purchasers from Pearl Garden projects of Tambun Indah Development.

As for amount outstanding between 30 days to 60 days but less than 90 days the reason was in respect to the sales and purchase agreements were already formalised but pending financial institutions to release loans to the respective property buyers.

The outstanding amount that falls within the credit period of 30 days was mainly due to progress billing issued to property buyers towards the end of the period which not due for payment as the sale and purchase agreement were signed towards the end to the period.

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13. FINANCIAL INFORMATION

13.4.11 Trade payables

A summary of the trade payables as at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010 are as follows:

	← Proforma Group Audited →			
	← As at 31 December →		As at 30 June	
	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000
Trade payables				
- Payables	3,736	172	-	9,009
- Retention sum	4,087	6,730	7,202	7,502
Amount owing to a related party				
- Payables	383	-	-	-
- Retention sum	962	-	-	-
	<u>9,168</u>	<u>6,902</u>	<u>7,202</u>	<u>16,511</u>
Cost of sales	<u>70,377</u>	<u>88,242</u>	<u>68,606</u>	<u>37,120</u>
% of trade payables to development costs	13.03%	7.82%	10.50%	44.48%
Trade payables' turnover period (months)	1.56	0.94	1.26	2.67

Trade payables consist of retention sum which are not due for payment to the contractors at the respective statement of financial position date.

The Company normally makes payments to trade payables within the credit period granted of 14 to 30 days.

Retention sum of 2.5% or 5% of contract sum is payable after 6 months to 18 months from the completion date.

(i) Commentaries on trade payables

As at 31 December 2007

As at 31 December 2007, the total trade payables' turnover period was higher at 1.56 months mainly due to amount owing to sub-contractor for work done and also retention sum for the projects of Epiland, Hong Hong, Juru Heights, Perquest, Tambun Indah SB and Tokoh Edaran which are not due for payment to the contractors.

As at 31 December 2008

The trade payables' turnover period as at 31 December 2008 decreased to 0.94 months as compared to 31 December 2007 trade payables' turnover period of 1.56 months was mainly due to repayment of payable balance from Juru Heights and Tokoh Edaran to their main contractors. As a result, the trade payables' turnover period decreased to less than a month. Approximately 97.51% of trade payables were retention sums which are not due for payment to the contractors.

The turnover period is within the Group's normal trade payable credit period of 14 to 30 days.

As at 31 December 2009

The increase in the trade payables' turnover period of 1.26 months as at 31 December 2009 as compared to 0.94 months as at 31 December 2008 was due to additional retention sum from Tokoh Edaran as most of the projects were near completion. In addition, there was additional retention sum from Perquest, Zipac and Tambun Indah Development during the financial year which was mainly due to commencement of new construction projects.

13. FINANCIAL INFORMATIONAs at 30 June 2010

The increase in the trade payables' turnover period of 2.67 months as at 30 June 2010 as compared to 1.26 months as at 31 December 2009 was mainly due to additional retention sum from Tokoh Edaran and Tambun Indah Development for the projects of Juru Heights' bungalows houses (Phase II) and Pearl Garden respectively. In addition, the progress claim was issued by the sub-contractors of Tokoh Edaran and Tambun Indah Development towards the end of the financial period which are not due for payment yet.

(ii) Ageing analysis

The ageing analysis of our Group's trade payables as at 30 June 2010 is as follows:

	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables						
- Sub-con payables	9,009	-	-	-	-	9,009
- Retention sum	856	232	545	246	5,623	7,502
	9,865	232	545	246	5,623	16,511
% of total trade payables	60	1	3	2	34	100
Trade payables included major payables as follows: *						
Patsifit Construction Sdn. Bhd.						
- Juru Heights	1,886	-	229	-	2,265	4,380
- Palm Villas	-	-	-	-	683	683
- Seri Palma	-	-	-	-	54	54
- Carissa Park	38	-	-	-	-	38
Total	1,924	-	229	-	3,002	5,155
Pen Harvest Sdn. Bhd.						
- Juru Heights	1,241	-	87	62	589	1,979
- Casa Impian II	-	-	-	-	174	174
- Casa Permai	-	-	-	-	211	211
- Pearl Garden	2,493	76	66	65	-	2,700
Total	3,734	76	153	127	974	5,064
Jagat Cerah Sdn. Bhd.						
- Juru Heights	921	-	45	26	298	1,290
- Casa Permai	-	-	-	-	394	394
- Pearl Garden	3,283	156	117	94	51	3,701
Total	4,204	156	162	120	743	5,385

Note:

- * Represent the 3 highest payables; ie. 94.51% of total trade payables as at 30 June 2010.

The Company normally makes payments to trade payables within the credit period granted of 14 to 30 days.

Retention sum of 2.5% or 5% of contract sum is payable after 6 months to 18 months from the completion date.

13. FINANCIAL INFORMATION

From analysis of trade payables ageing as at 30 June 2010, the trade payables balance of RM16.51 million consisted only of retention sum payable to the main contractors which are not due for payment yet.

As at 31 October 2010, there was no default payment by the Group. The Directors and the management of the Group are not aware of any litigation claims being undertaken by any of the trade payables against the Group.

13.4.12 Inventories

The inventories of the Group represented the unsold units of property developed.

The inventories turnover period of the Group was under 1 month for the 3 financial years under review due to the effective marketing strategy of the management and also high market demand for the Group's respective projects.

The amount and breakdown of unsold inventories for the FYE 31 December 2007 to 2009 and FPE 30 June 2010 are as follows:

Company name	Project name	Type	2007		2008		2009		2010	
			Units	RM'000	Units	RM'000	Units	RM'000	Units	RM'000
Tambun Indah Sdn Bhd	Taman Tambun Indah	Double storey terrace house	-	-	1	180	1	180	-	-
Epiland Properties Sdn Bhd	Taman Tambun Emas (Phase I)	Double storey semi-detached house	1	230	1	230	1	230	1	230
		Double storey terrace house	1	199	-	-	-	-	-	-
Intanasia Development Sdn Bhd	Casa Impian I	Double storey terrace house	-	-	2	457	-	-	-	-
TOTAL			2	429	4	867	2	410	1	230

(i) Commentaries on inventories

As at 31 December 2007

As at 31 December 2007, inventories balances represent one unsold unit of double storey terrace house and one unit of double storey semi-detached house from Taman Tambun Emas (Phase I) from Epiland.

As at 31 December 2008

As at 31 December 2008, inventories were made up of one unit of double storey semi-detached house from Taman Tambun Emas (Phase I) of Epiland, 2 units of double storey terrace houses from Casa Impian I of Intanasia and one unit of double storey terrace house from Taman Tambun Indah of Tambun Indah SB.

13. FINANCIAL INFORMATIONAs at 31 December 2009

As at 31 December 2009, the remaining 2 units of double storey terrace houses of IntanAsia were sold off during the financial year thus the inventories balances were made up of the remaining unsold units from Epiland and Tambun Indah SB brought forward from previous year.

As at 30 June 2010

As at 30 June 2010, the inventories balances represent an unsold unit of double storey semi-detached house from Taman Tambun Emas (Phase I) from Epiland.

The Directors and the management of the Group are not aware of any material obsolete or slow-moving inventories.

(ii) Ageing analysis

The ageing analysis of our Group's inventories as at 30 June 2010 is as follows:

	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	>180 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Inventories	-	-	-	-	-	230	230
Consist of:							
Epiland – Taman Tambun Emas Phase I (one unit of double storey semi-detached)	-	-	-	-	-	230	230

There is only one unsold unit amounting to RM230,000 as at 30 June 2010. The one unit of double storey semi-detached house at Taman Tambun Emas Phase I was sold on 10 May 2010 for RM225,200. The marketing team is actively promoting the one unsold unit of double storey semi-detached house at Taman Tambun Emas Phase I.

13.4.13 Current ratioAs at 31 December 2007

As at 31 December 2007, the Group's current assets were approximately RM102.00 million and current liabilities were approximately RM81.00 million giving rise to current ratio of 1.26 times. This higher net current assets position was mainly due to the Group holding liquid assets such as property development cost of approximately RM45.80 million, marketable securities approximately RM25.18 million and cash and bank balances of approximately RM10.78 million.

As at 31 December 2008

As at 31 December 2008, the Group's current ratio increased from 1.26 times in FYE 31 December 2007 to 1.71 times. The improvement of the ratio was mainly due to the Group's current assets increasing through deposits placed for Tambun Indah Development's Parcel A land held by Pembangunan Mutiara in accordance with the sales and purchase agreement which amounted to approximately RM19.38 million. The deposit was financed by the drawdown of term loan amounting to approximately RM20.71 million of which approximately RM4.03 million was classified under current liabilities and the remaining balance of the loan of approximately RM16.68 million was classified as non-current liabilities. Besides, there was an issuance of shares of approximately RM3.70 million and new projects launches during the year which strengthened the liquidity of the Group by transferring lands held for future development to property development cost of approximately RM4.76 million.

13. FINANCIAL INFORMATIONAs at 31 December 2009

As at 31 December 2009, the current ratio of the Group of 1.94 times showed an improvement by 0.23 times as compared to the position as at 31 December 2008. This was mainly due to completion of certain development projects giving rise to trade receivables and accrued billings in respect of property development to increase by approximately RM2.58 million and RM1.26 million respectively.

As at 30 June 2010

As at 30 June 2010, the current ratio of the Group of 3.92 times showed a significant increase as compared to the position as at 31 December 2009 of 1.94 times. This was mainly due to the active progress of the development projects which gave rise to the increase in property development cost by approximately RM5.93 million. In addition, higher percentage of completion of these development projects such as construction of bungalow houses in Juru Heights Phase II by Tokob Edaran (11.32% to 44.79%), Pearl Garden of Tambun Indah Development (0.46% to 10.31%) and Carissa Park of Zipac (5.52% to 20.43%) also resulted in the increase in trade receivables, accrued billings in respect of property development and amount owing by customer to increase by approximately RM0.98 million, RM 0.81 million and RM10.67 million respectively.

13.4.14 Commentaries on gearing ratioAs at 31 December 2007

As at 31 December 2007, the Group does not have any gearing.

As at 31 December 2008

As at 31 December 2008, the Group obtained a term loan amounting to RM20.70 million which resulted in a gearing ratio of 0.18 times.

As at 31 December 2009

No significant difference for the gearing ratio as at 31 December 2009 as compared to as at 31 December 2008. This was mainly due to the repayment of term loan made during the year by RM2.88 million offset with term loan drawdown during the year amounted to RM2.38 million

As at 30 June 2010

The gearing ratio decreased from 0.18 times as at 31 December 2009 to 0.10 times as at 30 June 2010. This was mainly due to a significant repayment of RM10.26 million and which was offset by additional loans obtained by the Group of approximately RM3.20 million as highlighted in Section 13.4.3 of this Prospectus.

13.4.15 Trend information

After taking into consideration the risk factors relating to our business and industry, and our ability to mitigate such risk factors as set out in Section 4 of this Prospectus, we are of the opinion that our future financial condition and results will remain favourable.

Although the escalating costs of building materials such as steel bars, cement, wood, bricks, glass and aluminum frames may have an adverse impact on our Group's performance, we are able to pass on a large portion of the increases in the prices of building materials to customers, resulting in lesser impact on us. Furthermore, several government legislation, policies and incentive have been introduced by the Government to further stimulate the property sector and provide prospects for the growth of our Group.

13. FINANCIAL INFORMATION

Our competitive strength and advantages as set out in Section 6.2.3 of this Prospectus provide the foundation for the sustainability of our business and financial growth. Our future plans as set out in Section 6.2.2 of this Prospectus to continue with our expansion in the property development sector and to focus on acquiring strategic land-bank, improving our pricing and marketing strategies as well as customer service and product development or innovation, will further contribute to sustainable growth in our financial performance.

As at the LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the followings:

- (i) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material favourable and unfavourable impact on our financial performance, position and operations,
- (ii) any known trends, uncertainties, demands, commitments or events that are reasonably likely to make our historical financial statements to be not necessarily indicative of our future financial performance;
- (iii) any unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations;
- (iv) any known trends, uncertainties, demands, commitments or events that have resulted in a material impact on our revenue and profits; and
- (v) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material favourable and unfavourable impact on our liquidity and capital resources.

Our Directors are optimistic about the future prospects of our Group and believe we will achieve revenue growth considering the Industry Overview as set out in Section 9 of this Prospectus, our competitive strengths as outlined in Section 6.2.3 of this Prospectus and our commitment and dedication to implement our future plans and strategies as set in Section 6.2.2 of this Prospectus.

13.4.16 Dividend policy

As we are a holding company, our Company's income, and therefore our ability to pay dividends, is dependent upon the dividends we receive from our Subsidiaries. The payment of dividends by our Subsidiaries will depend upon their distributable profits, operating results, financial condition, capital expenditure plans and other factors that their respective Boards of Directors deem relevant.

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth.

The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant to our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to take into account various factors including:

- (i) our expected results of operations;
- (ii) required and expected interest expense and taxation, cash flows, our profits and return on equity and retained earnings;
- (iii) our projected level of capital expenditure and other investment plans;
- (iv) the prevailing interest rates and yields of the financial market;
- (v) the level of our cash, marketable financial assets and level of indebtedness; and

13. FINANCIAL INFORMATION

(vi) restrictions on payment of dividends imposed on us by our financing agreements (if any).

Considering our current financial position, our Board intends to adopt a progressive dividend policy, subject to the factors stated above and in the absence of any circumstances which might reduce the amount of revenue reserve available to pay dividends, whether by losses, capital reduction or otherwise.

Subject to the factors described above, our Board intends to pay dividends of between 40% to 60% of our PAT attributable to shareholders excluding non-recurring items after considering a number of factors, including our level of cash and retained earnings, results of operations, business prospects, capital requirements and surplus, general economic condition, contractual restrictions and other factors considered relevant by our Board, including our expected financial performance.

With our present low gearing and current cash and cash equivalents, we are well poised to expand exponentially upon the Listing. As we have always maintained a practice of profit distribution upon completion of our development projects, we shall continue this policy by distributing 40% to 60% of our PAT attributable to shareholders excluding non-recurrent items as dividends in future.

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13. FINANCIAL INFORMATION

13.5 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION



UHY (AF1411)
Chartered Accountants
51-21-F, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

Phone +60 4 227 6888
Fax +60 4 229 8118
Email uhypp@uhy.com.my
Web www.uhy.com.my

Date: 13 December 2010

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

Dear Sirs,

**Tambun Indah Land Berhad ("Tambun Indah" or "the Group")
Reporting Accountants' Letter on
Proforma Consolidated Financial Information**
(Prepared for inclusion in the Prospectus dated 29 Dec 2010)

We have reviewed the proforma consolidated financial information of Tambun Indah and its subsidiary companies ("Tambun Indah Group" or "the Group") as set out in the attached accompanying statements, which we have stamped for the purpose of identification. The proforma consolidated financial information has been prepared for illustrative purposes only on the basis of assumptions as set out in the accompanying notes and after making certain adjustments to show what:

- (i) the financial results of Tambun Indah Group for the past three (3) financial years ended 31 December 2009 and two (2) financial periods ended 30 June 2009 and 2010 would have been, if the Group structure as at the date of the Prospectus had been in place since the beginning of the years being reported thereon;
- (ii) the financial position of Tambun Indah Group as at 30 June 2010 would have been, if the Group structure as at the date of the Prospectus had been in place on that date; and
- (iii) the cash flows of Tambun Indah Group for the financial period ended 30 June 2010 would have been, if the Group structure as at the date of the Prospectus had been in place since the beginning of the financial year.

The proforma consolidated financial information has been prepared for illustrative purposes only. Such information may not, because of its nature, reflect the actual financial position and cash flows of the Group.

It is solely the responsibility of the Board of Directors of Tambun Indah to prepare the proforma consolidated financial information in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

13. FINANCIAL INFORMATION



It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented in their original form, considering the adjustments and discussing the proforma consolidated financial information with the responsible officers of Tambun Indah. Our work involved no independent examination of any of the underlying financial information.

In our opinion,

- (i) the financial statements used in the preparation of the proforma consolidated financial information have been prepared in accordance with Financial Reporting Standards in Malaysia;
- (ii) the proforma consolidated financial information has been properly prepared on the basis of assumptions stated in the accompanying notes and such basis is consistent with the accounting policies adopted by Tambun Indah Group; and
- (iii) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information.

Yours faithfully

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

UHY
AF-1411
Chartered Accountants

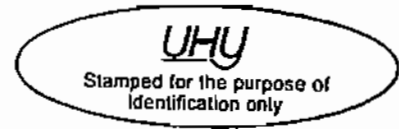
Penang, Malaysia

A handwritten signature in black ink, appearing to be 'Koay Theam Hock'.

KOAY THEAM HOCK
2141/04/11 (J)
Chartered Accountant

13. FINANCIAL INFORMATION

Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)



Notes to the Proforma Consolidated Financial Information

1. Introduction

The proforma consolidated financial information, comprising the proforma consolidated statement of comprehensive income for the three (3) financial years ended 31 December 2007, 2008 and 2009 and two (2) financial periods ended 30 June 2009 and 30 June 2010, the proforma consolidated statement of financial position as at 30 June 2010, the statement of assets and liabilities as at 30 June 2010 and the notes thereto, and the proforma consolidated statement of cash flows for the financial period ended ("FPE") 30 June 2010, have been prepared for inclusion in the Prospectus of Tambun Indah in connection with the listing of Tambun Indah on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

2. Listing scheme

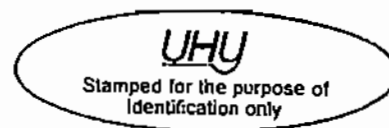
In conjunction with the listing of Tambun Indah's shares on the Main Market of the Bursa Securities ("Listing"), Tambun Indah undertakes a listing scheme, which involves the following exercises:-

(i) Acquisitions

The acquisitions by Tambun Indah involved the following companies ("Subsidiary Companies"):

- (a) Ccnderaman Development Sdn. Bhd. ("Cenderaman")
- (b) Denmas Sdn. Bhd. ("Denmas")
- (c) Denmas Development Sdn. Bhd. ("Denmas Development")
- (d) Epiland Properties Sdn. Bhd. ("Epiland")
- (e) Hong Hong Development Sdn. Bhd. ("Hong Hong")
- (f) Intanasia Development Sdn. Bhd. ("Intanasia")
- (g) Jasnias Sdn. Bhd. ("Jasnias")
- (h) Juru Heights Sdn. Bhd. ("Juru Height")
- (i) Langstone Sdn. Bhd. ("Langstone")
- (j) Perquest Sdn. Bhd. ("Perquest")
- (k) Tokoh Edaran Sdn. Bhd. ("Tokoh Edaran")
- (l) Tambun Indah Sdn. Bhd. ("Tambun Indah SB")
- (m) Tambun Indah Development Sdn. Bhd. ("Tambun Indah Development")
- (n) TID Development Sdn. Bhd. ("TID Development")
- (o) TKS Land Sdn. Bhd. ("TKS Land")
- (p) Zipac Development Sdn. Bhd. ("Zipac")

13. FINANCIAL INFORMATION



Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)

Notes to the Proforma Consolidated Financial Information (Continued)

2. Listing scheme (Continued)

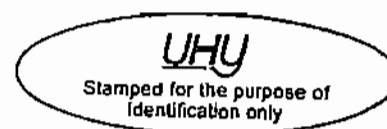
(i) Acquisitions (Continued)

Upon completion of the above acquisitions, Tambun Indah has interest in the following Subsidiary Companies:

Name	Date of incorporation	Effective interest	Issued and fully paid-up share capital		Principal activities
			Preference RM	Ordinary RM	
Cenderaman	24 December 2007	100%	-	4,000,000	Property development
Denmas	12 July 2000	100%	-	1,800,000	Project and construction management
Denmas Development	9 September 2009	100%	-	5,000,000	Property development
Epiland	20 August 2002	100%	-	250,100	Property development
Hong Hong	18 July 2006	100%	-	1,000,000	Property development
Intanasia	13 January 2003	100%	-	1,550,000	Property development
Jasnia	7 January 2005	100%	-	5,770,000	Property development
Juru Heights	14 April 2005	100%	-	1,000,000	Property development
Langstone	12 August 1995	100%	-	2,783,375	Investment holding and operation of car park
Perquest	28 April 1995	100%	-	1,250,000	Property development
Tokoh Edaran	11 January 2006	100%	-	1,000,000	Construction management
Tambun Indah SB	6 December 1993	100%	-	1,000,000	Property development

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Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)



Notes to the Proforma Consolidated Financial Information (Continued)

2. Listing scheme (Continued)

(i) Acquisitions (Continued)

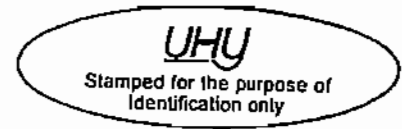
Name	Date of incorporation	Effective interest	Issued and fully paid-up share capital		Principal activities
			Preference RM	Ordinary RM	
Tambun Indah Development	16 May 2008	70%	500,000(A) 24,357,855(B)	1,000,000	Property development
TID Development	23 December 2009	100%	-	4,000,000	Property development
TKS Land ^{Note 1}	3 March 2010	100%	-	4,800,000	Investment holding
Zipac	23 July 2004	50%	4,400,000	500,000	Property development

All of the above Subsidiary Companies are incorporated in Malaysia.

Note 1 : TKS Land has a subsidiary company, CBD Land Sdn Bhd (CBD Land), a company incorporated in Malaysia, in which TKS Land holds 50% interest.

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Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)



Notes to the Proforma Consolidated Financial Information (Continued)

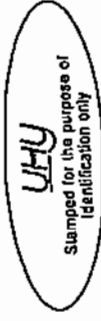
2. Listing scheme (Continued)

(ii) Basis of arriving at the purchase consideration

The acquisitions by Tambun Indah of the equity interest in the Subsidiary Companies for a total purchase consideration of RM94,499,998 was satisfied by the issuance of 188,999,996 Tambun Indah shares of RM0.50 each at an issue price of RM0.50 per Tambun Indah share.

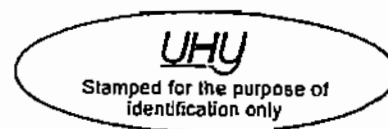
The purchase consideration for the Acquisitions of RM94,499,998 has been arrived at on a "willing-buyer-willing-seller basis" between Tambun Indah and the shareholders of the Subsidiary Companies at the date of the respective acquisitions based on the respective net tangible assets ("NTA") of the Subsidiary Companies as at 31 December 2009, adjusted for the additional allotment of the shares of the Subsidiary Companies subsequent to 31 December 2009, capitalisation of advances by shareholders into the shares of the respective Subsidiary Companies, dividend paid subsequent to 31 December 2009 and incorporation of the gain on revaluation of the investment properties held by Langstone as follows:

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Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)

Name	NTA based on audited financial statements as at 31 December 2009 RM	Add: Allotment of Shares		Capitalisation of advances by shareholders to new shares		Prior to date of SSA* RM	(Less): Dividend		Add: Gain on Revaluation (Note 1) RM	Adjusted NTA RM	Interest %	Purchase consideration RM
		Prior to date of SSA* RM	Preference RM	Ordinary RM	After date of SSA* RM		After date of SSA* RM					
Cenderaman	1,191,350	-	-	2,800,000	-	-	-	-	-	3,991,350	100	3,991,350
Denmas	789,024	-	-	1,000,000	-	-	-	-	-	1,789,024	100	1,789,024
Denmas Development	244,056	-	-	4,750,000	-	-	-	-	-	4,994,056	100	4,994,056
Epiiland	1,204,292	-	-	-	(700,000)	-	-	-	-	504,292	100	504,292
Hong Hong	10,950,384	-	-	-	(2,000,000)	-	(3,000,000)	-	-	5,950,384	100	5,950,384
Intanasia	2,922,661	-	-	1,300,000	-	-	-	-	-	4,222,661	100	4,222,661
Jasnia	2,979,242	-	-	5,520,000	-	-	-	-	-	8,499,242	100	8,499,242
Juru Heights	25,626,244	-	-	-	(4,000,000)	-	(9,900,000)	-	-	11,726,244	100	11,726,244
Langstone (Note 1)	749,582	-	-	2,708,380	-	-	-	4,928,361	-	8,386,323	100	8,386,323
Perquest	9,395,297	-	-	1,000,000	-	-	-	-	-	10,395,297	100	10,395,297
Tokoh Edaran	10,595,522	-	-	-	-	-	(7,000,000)	-	-	3,595,522	100	3,595,522
Tambun Indah SB	1,447,283	-	-	-	-	-	-	-	-	1,447,283	100	1,447,283
Tambun Indah Development	956,906	-	-	24,357,853	-	-	-	-	-	25,314,759	70	17,720,331
TID Development (Note 2)	2	249,998	-	3,750,000	-	-	-	-	-	4,000,000	100	4,000,000
TKS Land (Note 3)	-	2	-	4,800,000	-	-	-	-	-	4,800,002	100	4,800,002
Zipac	555,974	-	-	4,400,000	-	-	-	-	-	4,955,974	50	2,477,987
TOTAL	69,607,819	250,000	28,737,853	27,628,380	(6,700,000)	(19,900,000)	(19,900,000)	4,928,361	104,572,413	94,499,998		

13. FINANCIAL INFORMATION



Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)

Notes to the Proforma Consolidated Financial Information (Continued)

2. Listing scheme (Continued)

(ii) Basis of arriving at the purchase consideration (Continued)

Denotes:

* SSA Share Sale Agreement.

Note 1:

	<i>NBV as at 31 December 2009 RM</i>	<i>Revaluation amount RM</i>	<i>Gain on Revaluation RM</i>
<i>Land and building</i>	3,581,639	8,510,000	4,928,361

Note 2: The company was incorporated on 23 December 2009. No audited financial statement was available as at 31 December 2009.

Note 3: The company was incorporated on 3 March 2010. No NTA was available as at 31 December 2009.

(iii) Public issue

In conjunction with the flotation of Tambun Indah, Tambun Indah will undertake a public issue of 32,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.70 per ordinary share which payable in full on application in the following manner:

- (a) 11,050,000 new ordinary shares of RM0.50 each made available for application by the Malaysian public;
- (b) 11,050,000 new ordinary shares of RM0.50 each made available for application by the eligible directors, employees and business associates of Tambun Indah Group; and
- (c) 9,900,000 new ordinary shares of RM0.50 each made available to identified investors via private placement.

(iv) Offer for sale

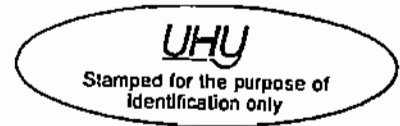
The offer for sale of an aggregate of 22,100,000 new ordinary shares of RM0.50 each representing 10% of the entire issued and paid-up capital of Tambun Indah are allocated to Bumiputera investors approved by the MITI at an offer price of RM0.70 per ordinary share in Tambun Indah.

(v) Flotation and quotation

Upon completion of the public issue and offer for sale, the issued and paid-up share capital of Tambun Indah shall be increased to RM110,500,000 comprising 221,000,000 Tambun Indah shares of RM0.50 each. The listing entails the listing of and quotation for the entire issued and paid-up share capital of Tambun Indah of RM110,500,000 comprising 221,000,000 Tambun Indah shares of RM0.50 each on the Main Market of Bursa Securities.

13. FINANCIAL INFORMATION

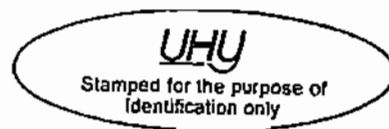
**Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)**



Notes to the Proforma Consolidated Financial Information (Continued)

3. Basis of preparation of proforma consolidated financial statements

- (i) The proforma consolidated financial information have been prepared for illustration purposes of what:
- (a) the financial result of Tambun Indah Group for the past three (3) financial years ended 31 December 2007, 2008 and 2009 and two (2) financial periods ended 30 June 2009 and 30 June 2010 would have been, if the Group structure as at the date of the Prospectus had been in place since the beginning of the years being reported thereon;
 - (b) the financial position of Tambun Indah Group as at 30 June 2010 would have been, if the Group structure as at the date of Prospectus had been in place on that date; and
 - (c) the cash flow of Tambun Indah Group for the financial period ended 30 June 2010 would have been, if the Group structure as at the date of Prospectus had been in place since the beginning of the financial year.
- (ii) The proforma consolidated financial information has been prepared using the bases and the accounting principles consistent with those adopted by Tambun Indah Group, after giving effect to the proforma adjustments considered appropriate, based on the following:
- (a) the audited financial statements of Cenderaman for the financial period from 24 December 2007 to 31 December 2008 and the financial year ended 31 December 2009, unaudited financial statements for the financial period ended 30 June 2009 and audited financial statements for the financial period ended 30 June 2010;
 - (b) the audited financial statements of Denmas Development for the financial period from 9 September 2009 to 31 December 2009 and financial period ended 30 June 2010;
 - (c) the audited financial statements of Tambun Indah Development for the financial period from 16 May 2008 to 31 December 2008, financial year ended 31 December 2009 and financial period ended 30 June 2010;
 - (d) the audited financial statements of CBD Land for the financial period from 15 May 2007 to 30 June 2008, financial year ended 30 June 2009 and financial period from 1 July 2009 to 31 December 2009 and unaudited financial statements for the financial period ended 30 June 2009 and audited financial statements for the financial period ended 30 June 2010;
 - (e) the audited financial statements of Langstone for the financial period from 1 November 2006 to 31 December 2007, the financial year ended 31 December 2008, 31 December 2009 and unaudited financial statements for the financial period ended 30 June 2009 and audited financial statements for the financial period ended 30 June 2010 ;
 - (f) the audited financial statements of Zipac for the financial year ended 30 November 2007 and 30 November 2008 and the financial period from 1 December 2008 to 31 December 2009 and unaudited financial statements for the financial period ended 30 June 2009 and audited financial statements for the financial period ended 30 June 2010;

13. FINANCIAL INFORMATION**Tambun Indah LAND BERHAD**
(GROUP NO.: 810446-U)**Notes to the Proforma Consolidated Financial Information (Continued)****3. Basis of preparation of proforma consolidated financial statements (Continued)**

- (g) the audited financial statements of Denmas, Epiland, Hong Hong, Intansia, Jasia, Juru Heights, Perquest, Tokoh Edaran and Tambun Indah SB for the three (3) financial years ended 31 December 2007, 2008 and 2009 and unaudited financial statements for the financial period ended 30 June 2009 and audited financial statements for the financial period ended 30 June 2010; and
- (h) the audited financial statements of TID Development and TKS Land for the financial period ended 30 June 2010. TID Development and TKS Land was incorporated on 23 December 2009 and 3 March 2010 respectively. No financial statements were available as at 31 December 2009.

The financial statements of the Subsidiary Companies are prepared in accordance with the applicable approved accounting standards in Malaysia. Where relevant, adjustments were made to the financial results and financial positions to comply with applicable Financial Reporting Standards in Malaysia for the purpose of inclusion in the proforma consolidated financial information.

The auditors' reports on the financial statements of the Subsidiary Companies for the relevant financial periods/years were not subject to any qualification and did not include any comment made under Subsection 3 of Section 174 of the Companies Act, 1965 except for the financial period ended 30 June 2010, whereby the report was modified to state that the comparative information for the interim period for the financial period ended 30 June 2009 are unaudited for the income statement, statement of changes in equity, cash flow statement and the related notes.

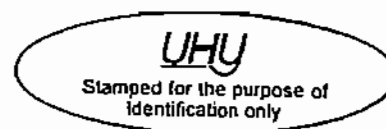
For illustrative purposes, it was assumed that Tambun Indah had acquired its Subsidiary Companies prior to 1 January 2007 in arriving at the proforma consolidated statement of comprehensive income for the three (3) financial years ended 31 December 2007, 2008 and 2009 and two (2) financial periods ended 30 June 2009 and 30 June 2010.

The proforma consolidated financial information has been prepared for illustrative purposes only and, because of their nature, may not be reflective of the actual financial position, results of operation and cash flows of the Tambun Indah Group.

The financial information has been rounded to the nearest thousand, unless otherwise indicated. The financial information is presented in Ringgit Malaysia ("RM") and has been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

13. FINANCIAL INFORMATION

Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)



Notes to the Proforma Consolidated Financial Information (Continued)

3. Basis of preparation of proforma consolidated financial statements (Continued)

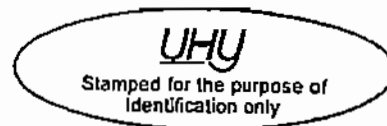
3.1 Statement of compliance

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

On 1 January 2010, the Group adopted the following Financial Reporting Standards ("FRSs"), amended FRSs and Issues Committee Interpretations ("IC Interpretations") mandatory for financial periods beginning on or after 1 January 2010.

FRSs, amendments to FRSs and IC Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 1 and FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 2	Share-based Payment
Amendments to FRS 2	Share-based Payment Vesting Conditions and Cancellations
FRS 3	Business Combinations
FRS 5 and Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments : Disclosures
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
FRS 8 and Amendment to FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 107	Statement of Cash Flows (formerly known as Cash Flow Statements)
FRS 108 and Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Reporting Period (formerly known as Events after the Balance Sheet Date)

13. FINANCIAL INFORMATION

Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)

Notes to the Proforma Consolidated Financial Information (Continued)

3. Basis of preparation of proforma consolidated financial statements (Continued)

3.1 Statement of compliance (Continued)

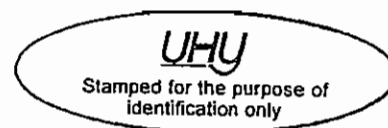
(a) Standards, amendments to published standards and interpretations that are effective (continued)

FRSs, amendments to FRSs and IC Interpretations (continued)

FRS 112	Income Taxes
FRS 116	Property, Plant and Equipment
FRS 117 and Amendment to FRS 117	Leases
FRS 118	Revenue
FRS 119 and Amendment to FRS 119	Employee Benefits
FRS 120 and Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 123 and Amendment to FRS 123	Borrowing Costs
FRS 124	Related Party Disclosures
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 127 and Amendment to FRS 127	Consolidated and Separate Financial Statements
FRS 128 and Amendment to FRS 128	Investments in Associates
FRS 131 and Amendment to FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation (formerly known as Financial Instruments: Disclosure and Presentation)
Amendments to FRS 132	Financial Instruments: Presentation
FRS 133	Earnings Per Share
FRS 134 and Amendment to FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 138 and Amendment to FRS 138	Intangible Assets

13. FINANCIAL INFORMATION

Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)



Notes to the Proforma Consolidated Financial Information (Continued)

3. Basis of preparation of proforma consolidated financial statements (Continued)

3.1 Statement of compliance (Continued)

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

FRSs, amendments to FRSs and IC Interpretations (continued)

FRS 139	Financial Instruments: Recognition and Measurement
FRS 140 and Amendment to FRS 140	Investment Property
IC Interpretation 9 and Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

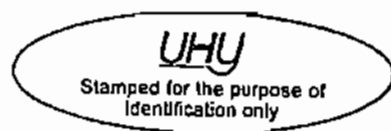
FRS 7 Financial Instruments: Disclosures

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

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's financial statements for the financial period from 1 January 2010 to 30 June 2010.

13. FINANCIAL INFORMATION

Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)



Notes to the Proforma Consolidated Financial Information (Continued)

3. Basis of preparation of proforma consolidated financial statements (Continued)

3.1 Statement of compliance (Continued)

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

FRS 101 Presentation of Financial Statements (Revised)

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

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

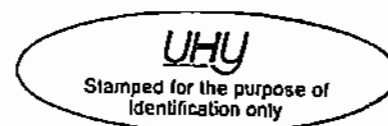
The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

FRS 139 Financial Instruments: Recognition and Measurement

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

13. FINANCIAL INFORMATION

Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)



Notes to the Proforma Consolidated Financial Information (Continued)

3. Basis of preparation of proforma consolidated financial statements (Continued)

3.1 Statement of compliance (Continued)

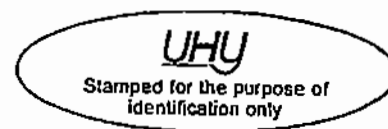
(b) Standards and Interpretations issued but not yet effective

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

FRSs, amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
FRS 3	Business Combinations	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010/ 1 March 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010

13. FINANCIAL INFORMATION

Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)



Notes to the Proforma Consolidated Financial Information (Continued)

3. Basis of preparation of proforma consolidated financial statements (Continued)

3.1 Statement of compliance (Continued)

(b) Standards and Interpretations issued but not yet effective (continued)

IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfer of Assets from Customers	1 January 2011

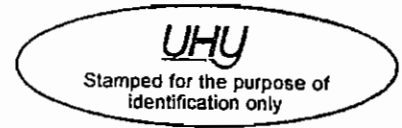
Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15 and the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the other standards and interpretations above will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

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

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

13. FINANCIAL INFORMATION

**Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)**



Notes to the Proforma Consolidated Financial Information (Continued)

3. Basis of preparation of proforma consolidated financial statements (Continued)

3.1 Statement of compliance (Continued)

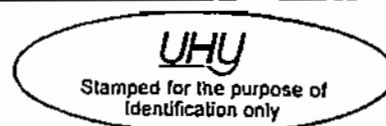
(b) Standards and Interpretations issued but not yet effective (continued)

IC Interpretation 15 Agreements for the Construction of Real Estate

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

The Group currently recognises revenue arising from property development projects using the stage of completion method. The adoption of IC Interpretation 15 will result in a change in accounting policy which will be applied retrospectively whereby the recognition of revenue from property development activities of the Group will change from the percentage of completion method to recognise such revenues at completion, or upon or after delivery.

Had the above-mentioned accounting policy been adopted by the Group for the FPE 30 June 2010, the profit before tax will be decreased to RM13,425,000.

13. FINANCIAL INFORMATION**Tambun Indah LAND BERHAD
(GROUP NO.: 810446-U)****Notes to the Proforma Consolidated Financial Information (Continued)****3. Basis of preparation of proforma consolidated financial statements (Continued)****3.2 Summary of Significant Accounting Policies**

The accounting policies set out below have been applied consistently with those applied in previous financial period/years.

(a) Basis of consolidation

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

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

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

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

(b) Intangible asset**Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.